REPORT

OF THE

SECRETARY OF THE TREASURY

OF THE

UNITED STATES,

ON THE SUBJECT OF

MANUFACTURES.

PRESENTED TO THE

HOUSE OF REPRESENTATIVES,

DECEMBER 5, 1791.

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TREASURY DEPARTMENT,
December 5th, 1791.

SIR,

I HAVE the honour to ſend herewith a Report, on the ſubject of Manufactures, purſuant to an order of the Houſe of Repreſentatives of the 15th day of January, 1790.

I have the honour to be,

With perfect reſpect,

SIR,

Your obedient and

Humble ſervant,

ALEXANDER HAMILTON,

Secretary of the Treaſury.

The Honorable the Speaker of the Houſe of Repreſentatives.

THE SECRETARY OF THE TREASURY,

IN Obedience to the Order of the HOUSE *of* REPRESENTATIVES, *of the 15th Day of January, 1790, has applied his Attention, at as early a Period as his other Duties would permit, to the Subject of* MANUFACTURES; *and particularly to the Means of promoting ſuch as will tend to render the* UNITED STATES *independent on foreign Nations, for Military and other eſſential Supplies:*

AND HE THEREUPON RESPETFULLY SUBMITS THE FOLLOWING

REPORT.

THE expediency of encouraging manufactures in the United States, which was not long ſince deemed very queſtionable, appears at this time to be pretty generally admitted. The embarraſſments which have obſtructed the progreſs of our external trade, have led to ſerious reflections on the neceſſity of enlarging the ſphere of our domeſtic commerce: the reſtrictive regulations, which in foreign markets abridge the vent of the encreaſing ſurplus of our agricultural produce, ſerve to beget an earneſt deſire that a more extenſive demand for that ſurplus may be created at home: And the complete ſucceſs which has rewarded manufacturing enterpriſe, in ſome valuable branches, conſpiring with the promiſing ſymptoms which attend ſome leſs mature eſſays in others, juſtify a hope, that the obſtacles to the growth of this ſpecies of induſtry are leſs formidable than they were apprehended to be; and that it is not difficult to find, in its further extenſion, a full indemnification for any external diſadvantages, which are or may be experienced, as well as an acceſſion of reſources, favourable to national independence and ſafety.

There

There ſtill are, nevertheleſs, reſpectable patrons of opinions, unfriendly to the encouragement of manufactures.—The following are, ſubſtantially, the arguments by which theſe opinions are defended:

"In every country (ſay thoſe who entertain them) agriculture is the moſt beneficial and *productive* object of human induſtry. This poſition, generally, if not univerſally true, applies with peculiar emphaſis to the United States, on account of their immenſe tracts of fertile territory, uninhabited and unimproved. Nothing can afford ſo advantageous an employment for capital and labour, as the converſion of this extenſive wilderneſs into cultivated farms. Nothing equally with this, can contribute to the population, ſtrength and real riches of the country."

"To endeavour, by the extraordinary patronage of government, to accelerate the growth of manufactures, is, in fact, to endeavour, by force and art, to transfer the natural current of induſtry, from a more to a leſs beneficial channel. Whatever has ſuch a tendency muſt neceſſarily be unwiſe: Indeed it can hardly ever be wiſe in a government, to attempt to give a direction to the induſtry of its citizens. This, under the quick-ſighted guidance of private intereſt, will, if left to itſelf, infallibly find its own way to the moſt profitable employment; and it is by ſuch employment, that the public proſperity will be moſt effectually promoted. To leave induſtry to itſelf, therefore, is, in almoſt every caſe, the ſoundeſt as well as the ſimpleſt policy."

"This policy is not only recommended to the United States, by conſiderations which affect all nations; it is, in a manner, dictated to them by the imperious force of a very peculiar ſituation. The ſmallneſs of their population, compared with their territory, the conſtant allurements to emigration from the ſettled to the unſettled parts of the country; the facility with which the leſs independent condition of an artiſan can be exchanged for the more independent condition of a farmer; theſe, and ſimilar cauſes, conſpire to produce, and for a length of time muſt continue to occaſion, a ſcarcity of hands for manufacturing occupation, and dearneſs of labour generally. To theſe diſadvantages for the proſecution of manufactures, a deficiency of pecuniary capital being added, the proſpect of a ſucceſsful competition with the manufacturers of Europe, muſt be regarded as little leſs than deſperate. Extenſive

manufactures

manufactures can only be the offspring of a redundant, at leaſt of a full population. Till the latter ſhall characteriſe the ſituation of this country, it is vain to hope for the former."

" If, contrary to the natural courſe of things, an unſeaſonable and premature ſpring can be given to certain fabrics, by heavy duties, prohibitions, bounties, or by other forced expedients; this will only be to ſacrifice the intereſts of the community to thoſe of particular claſſes. Beſides the miſdirection of labour, a virtual monopoly will be given to the perſons employed on ſuch fabrics; and an enhancement of price, the inevitable conſequence of every monopoly, muſt be defrayed at the expence of the other parts of the ſociety. It is far preferable, that thoſe perſons ſhould be engaged in the cultivation of the earth, and that we ſhould procure, in exchange for its productions, the commodities, with which foreigners are able to ſupply us in greater perfection, and upon better terms."

This mode of reaſoning is founded upon facts and principles, which have certainly reſpectable pretenſions. If it had governed the conduct of nations, more generally than it has done, there is room to ſuppoſe, that it might have carried them faſter to proſperity and greatneſs, than they have attained by the purſuit of maxims too widely oppoſite. Moſt general theories, however, admit of numerous exceptions, and there are few, if any, of the political kind, which do not blend a conſiderable portion of error with the truths they inculcate.

In order to an accurate judgment how far that which has been juſt ſtated ought to be deemed liable to a ſimilar imputation, it is neceſſary to advert carefully to the conſiderations which plead in favour of manufactures, and which appear to recommend the ſpecial and poſitive encouragement of them, in certain caſes, and under certain reaſonable limitations.

It ought readily to be conceded, that the cultivation of the earth, as the primary and moſt certain ſource of national ſupply; as the immediate and chief ſource of ſubſiſtence to man; as the principal ſource of thoſe materials which conſtitute the nutriment of other kinds of labour; as including a ſtate moſt favourable to the freedom and independence of the human mind; one, perhaps, moſt conducive to the multiplication of the human ſpecies; has *intrinſically*

trinſically a ſtrong claim to pre-eminence over every other kind of induſtry.

But, that it has a title to any thing like an excluſive predilection, in any country, ought to be admitted with great caution. That it is even more productive than every other branch of induſtry, requires more evidence than has yet been given in ſupport of the poſition. That its real intereſts, precious and important as, without the help of exaggeration, they truly are, will be advanced, rather than injured by the due encouragement of manufactures, may, it is believed, be ſatisfactorily demonſtrated. And it is alſo believed, that the expediency of ſuch encouragement, in a general view, may be ſhewn to be recommended by the moſt cogent and perſuaſive motives of national policy.

It has been maintained, that agriculture is, not only, the moſt productive, but the only productive ſpecies of induſtry. The reality of this ſuggeſtion, in either reſpect, has, however, not been verified by an accurate detail of facts and calculations; and the general arguments, which are adduced to prove it, are rather ſubtil and paradoxical, than ſolid or convincing.

Thoſe which maintain its excluſive productiveneſs are to this effect:

Labour, beſtowed upon the cultivation of land, produces enough, not only to replace all the neceſſary expences incurred in the buſineſs, and to maintain the perſons who are employed in it, but to afford, together with the *ordinary profit* on the ſtock or capital of the farmer, a nett ſurplus, or *rent* for the landord or proprietor of the ſoil. But the labour of artificers does nothing more than replace the ſtock which employs them (or which furniſhes materials, tools and wages) and yield the *ordinary profit* upon that ſtock. It yields nothing equivalent to the *rent* of land. Neither does it add any thing to the *total value* of the *whole annual produce* of the land and labour of the country. The additional value given to thoſe parts of the produce of land, which are wrought into manufactures, is counterbalanced by the value of thoſe other parts of that produce, which are conſumed by the manufacturers. It can therefore only be by ſaving or *parſimony*, not by the poſitive *productiveneſs* of their labour, that the claſſes of artificers can in any degree augment the revenue of the ſociety.

To this it has been anſwered,

1. "That inaſmuch as it is acknowledged, that manufacturing labour produces a value equal to that which is expended

expended or conſumed in carrying it on, and continues in exiſtence the original ſtock or capital employed, it ought on that account alone, to eſcape being conſidered as wholly unproductive: That though it ſhould be admitted, as alledged, that the conſumption of the produce of the ſoil, by the claſſes of artificers or manufacturers, is exactly equal to the value added by their labour to the materials upon which it is exerted; yet it would not thence follow, that it added nothing to the revenue of the ſociety, or to the aggregate value of the annual produce of its land and labour. If the conſumption for any given period amounted to a *given ſum*, and the *increaſed* value of the produce manufactured, in the ſame period, to a *like ſum*, the total amount of the conſumption and production during that period, would be equal to the *two ſums*, and conſequently double the value of the agricultural produce conſumed. And though the increment of value produced by the claſſes of artificers ſhould at no time exceed the value of the produce of the land conſumed by them, yet there would be at every moment, in conſequence of their labour, a greater value of goods in the market than would exiſt independent of it."

2. " That the poſition, that artificers can augment the revenue of a ſociety, only by parſimony, is true in no other ſenſe, than in one which is equally applicable to huſbandmen or cultivators. It may be alike affirmed of all theſe claſſes, that the fund acquired by their labour and deſtined for their ſupport, is not, in an ordinary way, more than equal to it. And hence it will follow, that augmentations of the wealth or capital of the community (except in the inſtances of ſome extraordinary dexterity or ſkill) can only proceed, with reſpect to any of them, from the ſavings of the more thrifty and parſimonious."

3. " That the annual produce of the land and labour of a country can only be increaſed, in two ways—by ſome improvement in the *productive powers* of the uſeful labour, which actually exiſts within it, or by ſome increaſe in the quantity of ſuch labour: That with regard to the firſt, the labour of artificers being capable of greater ſubdiviſion and ſimplicity of operation, than that of cultivators, it is ſuſceptible, in a proportionably greater degree, of improvement in its *productive powers*, whether to be derived from an acceſſion of ſkill, or from the application of ingenious machinery; in which particular, therefore, the labour em-

ployed in the culture of land can pretend to no advantage over that engaged in manufactures: That with regard to an augmentation of the quantity of uſeful labour, this, excluding adventitious circumſtances, muſt depend eſſentially upon an increaſe of *capital*, which again muſt depend upon the ſavings made out of the revenues of thoſe, who furniſh or manage *that*, which is at any time employed, whether in agriculture, or in manufactures, or in any other way."

But while the *excluſive* productiveneſs of agricultural labour has been thus denied and refuted, the ſuperiority of its productiveneſs has been conceded without heſitation. As this conceſſion involves a point of conſiderable magnitude, in relation to maxims of public adminiſtration, the grounds on which it reſts are worthy of a diſtinct and particular examination.

One of the arguments made uſe of, in ſupport of the idea may be pronounced both quaint and ſuperficial: It amounts to this—That in the productions of the ſoil, nature co-operates with man; and that the effect of their joint labour muſt be greater than that of the labour of man alone.

This, however, is far from being a neceſſary inference. It is very conceivable, that the labour of man alone laid out upon a work, requiring great ſkill and art to bring it to perfection, may be more pruductive, *in value*, than the labour of nature and man combined, when directed towards more ſimple operations and objects: And when it is recollected to what an extent the agency of nature, in the application of the mechanical powers, is made auxiliary to the proſecution of manufactures, the ſuggeſtion which has been noticed, loſes even the appearance of plauſibility.

It might alſo be obſerved, with a contrary view, that the labour employed in agriculture is in a great meaſure periodical and occaſional, depending on ſeaſons, liable to various and long intermiſſions; while that occupied in many manufactures is conſtant and regular, extending through the year, embracing, in ſome inſtances, night as well as day. It is alſo probable, that there are among the cultivators of land, more examples of remiſſneſs, than among artificers. The farmer, from the peculiar fertility of his land, or ſome other favourable circumſtance, may frequently obtain a livelihood, even with a conſiderable degree of careleſſneſs in the mode of cultivation; but the artiſan

tiſan can with difficulty effect the ſame object, without exerting himſelf pretty equally with all thoſe, who are engaged in the ſame purſuit. And if it may likewiſe be aſſumed as a fact, that manufactures open a wider field to exertions of ingenuity than agriculture, it would not be a ſtrained conjecture, that the labour employed in the former, being at once more *conſtant*, more uniform, and more ingenious, than that which is employed in the latter, will be found at the ſame time more productive.

But it is not meant to lay ſtreſs on obſervations of this nature; they ought only to ſerve as a counterbalance to thoſe of a ſimilar complexion. Circumſtances ſo vague and general, as well as ſo abſtract, can afford little inſtruction in a matter of this kind.

Another, and that which ſeems to be the principal argument offered for the ſuperior productiveneſs of agricultural labour, turns upon the allegation, that labour employed on manufactures yields nothing equivalent to the rent of land; or to that nett ſurplus, as it is called, which accrues to the proprietor of the ſoil.

But this diſtinction, important as it has been deemed, appears rather *verbal* than *ſubſtantial*.

It is eaſily diſcernible, that what in the firſt inſtance is divided into two parts under the denominations of the *ordinary profit* of the ſtock of the farmer and *rent* to the landlord, is in the ſecond inſtance united under the general appellation of the *ordinary profit* on the ſtock of the undertaker; and that this formal or verbal diſtribution conſtitutes the whole difference in the two caſes. It ſeems to have been overlooked, that the land is itſelf a ſtock or capital, advanced or lent by its owner to the occupier or tenant, and that the rent he receives is only the ordinary profit of a certain ſtock in land, not managed by the proprietor himſelf, but by another to whom he lends or lets it, and who, on his part, advances a ſecond capital to ſtock and improve the land, upon which he alſo receives the uſual profit. The rent of the landlord and the profit of the farmer are therefore nothing more than the *ordinary profits* of *two* capitals belonging to *two* different perſons, and united in the cultivation of a farm: As in the other caſe, the ſurplus which ariſes upon any manufactory, after replacing the expences of carrying it on, anſwers to the ordinary profits of *one* or *more* capitals engaged in the proſecution of ſuch manufactory. It is ſaid *one* or *more* capitals; becauſe in fact, the

ſame thing which is contemplated in the caſe of the farm, ſometimes happens in that of a manufactory. There is one, who furniſhes a part of the capital, or lends a part of the money, by which it is carried on; and another, who carries it on, with the addition of his own capital. Out of the ſurplus which remains, after defraying expences, an intereſt is paid to the money lender for the portion of the capital furniſhed by him, which exactly agrees with the rent paid to the landlord; and the reſidue of that ſurplus conſtitutes the profit of the undertaker or manufacturer, and agrees with what is denominated the ordinary profits on the ſtock of the farmer. Both together make the ordinary profits of two capitals employed in a manufactory; as in the other caſe the rent of the landlord and the revenue of the farmer compoſe the ordinary profits of two capitals, employed in the cultivation of a farm.

The rent therefore accruing to the proprietor of the land, far from being a criterion of *excluſive* productiveneſs, as has been argued, is no criterion even of ſuperior productiveneſs. The queſtion muſt ſtill be, whether the ſurplus, after defraying expences, of a *given capital*, employed in the *purchaſe* and *improvement* of a piece of land, is greater or leſs, than that of a like capital employed in the proſecution of a manufactory; or whether the *whole value produced* from a *given capital* and a *given quantity of labour*, employed in one way, by greater or leſs than the *whole value produced* from an *equal capital* and an *equal quantity of labour* employed in the other way; or rather, perhaps, whether the buſineſs of agriculture or that of manufactures will yield the greateſt product, according to a *compound ratio* of the quantity of the capital and the quantity of labour, which are employed in the one or in the other.

The ſolution of either of theſe queſtions is not eaſy; it involves numerous and complicated details, depending on an accurate knowledge of the objects to be compared. It is not known that the compariſon has ever yet been made upon ſufficient data properly aſcertained and analiſed. To be able to make it on the preſent occaſion with ſatisfactory preciſion would demand more previous inquiry and inveſtigation, than there has been hitherto either leiſure or opportunity to accompliſh.

Some eſſays, however, have been made towards acquiring the requiſite information; which have rather ſerved to throw doubt upon, than to confirm the hypotheſis, under examination.

tion. But it ought to be acknowledged, that they have been too little diverſified, and are too imperfect to authoriſe a definitive concluſion either way; leading rather to probable conjecture than to certain deduction. They render it probable, that there are various branches of manufactures, in which a given capital will yield a greater *total* product, and a conſiderably greater *nett* product, than an equal capital inveſted in the purchaſe and improvement of lands; and that there are alſo *ſome* branches, in which both the *groſs* and the *nett* produce will exceed that of agricultural induſtry; according to a compound ratio of capital and labour. But it is on this laſt point, that there appears to be the greateſt room for doubt. It is far leſs difficult to infer generally, that the *nett produce* of capital engaged in manufacturing enterpriſes is greater than that of capital engaged in agriculture.

The foregoing ſuggeſtions are *not deſigned to inculcate an opinion that manufacturing induſtry is more productive than that of agriculture.* They are intended rather to ſhew that the reverſe of this propoſition is not aſcertained; that the general arguments which are brought to eſtabliſh it are not ſatisfactory; and conſequently that a ſuppoſition of the ſuperior productiveneſs of tillage ought to be no obſtacle to liſtening to any ſubſtantial inducements to the encouragement of manufactures, which may be otherwiſe perceived to exiſt, through an apprehenſion, that they may have a tendency to divert labour from a more to a leſs profitable employment.

It is extremely probable, that on a full and accurate developement of the matter, on the ground of fact and calculation, it would be diſcovered that there is no material difference between the aggregate productiveneſs of the one, and of the other kind of induſtry; and that the propriety of the encouragements, which may in any caſe be propoſed to be given to either, ought to be determined upon conſiderations irrelative to any compariſon of that nature.

II. But without contending for the ſuperior productiveneſs of manufacturing induſtry, it may conduce to a better judgment of the policy, which ought to be purſued reſpecting its encouragement, to contemplate the ſubject, under ſome additional aſpects, tending not only to confirm the idea, that this kind of induſtry has been improperly repreſented as unproductive in itſelf; but to evince in addition that the eſtabliſhment and diffuſion of manufactures have the effect of rendering the total maſs of uſeful and productive labour, in a community, *greater than it would otherwiſe be.*

be. In profecuting this diſcuſſion, it may be neceſſary briefly to reſume and review ſome of the topics which have been already touched.

To affirm that the labour of the manufacturer is unproductive becauſe he conſumes as much of the produce of land as he adds value to the raw materials which he manufactures, is not better founded, than it would be to affirm, that the labour of the farmer, which furniſhes materials to the manufacturer, is unproductive, *becauſe he conſumes an equal value of manufactured articles.* Each furniſhes a certain portion of the produce of his labour to the other, and each deſtroys a correſpondent portion of the produce of the labour of the other. In the mean time the maintenance of two citizens, inſtead of one, is going on; the ſtate has two members inſtead of one; and they together conſume twice the value of what is produced from the land.

If inſtead of a farmer and artificer, there were a farmer only, he would be under the neceſſity of devoting a part of his labour to the fabrication of clothing and other articles, which he would procure of the artificer, in the caſe of there being ſuch a perſon; and of courſe he would be able to devote leſs labour to the cultivation of his farm, and would draw from it a proportionably leſs product. The whole quantity of production, in this ſtate of things, in proviſions, raw materials and manufactures, would certainly not exceed in value the amount of what would be produced in proviſions and raw materials only, if there were an artificer as well as a farmer.

Again—If there were both an artificer and a farmer, the latter would be left at liberty to purſue excluſively the cultivation of his farm. A greater quantity of proviſions and raw materials would of courſe be produced, equal, at leaſt, as has been already obſerved, to the whole amount of the proviſions, raw materials and manufactures, which would exiſt on a contrary ſuppoſition. The artificer, at the ſame time, would be going on in the production of manufactured commodities; to an amount ſufficient not only to repay the farmer, in thoſe commodities, for the proviſions and materials which were procured from him, but to furniſh the artificer himſelf with a ſupply of ſimilar commodities for his own uſe. Thus then, there would be two quantities or values in exiſtence inſtead of one; and the revenue and conſumption would be double in one caſe, what it would be in the other.

If in place of both theſe ſuppoſitions, there were ſuppoſed to be two farmers and no artificer, each of whom applied

a part

a part of his labour to the culture of land, and another part to the fabrication of manufactures; in this caſe, the portion of the labour of both beſtowed upon land would produce the ſame quantity of proviſions and raw materials only, as would be produced by the entire ſum of the labour of one applied in the ſame manner, and the portion of the labour of both beſtowed upon manufactures, would produce the ſame quantity of manufactures only, as would be produced by the entire ſum of the labour of one applied in the ſame manner. Hence the produce of the labour of the two farmers would not be greater than the produce of the labour of the farmer and artificer; and hence it reſults, that the labour of the artificer is as poſitively productive as that of the farmer, and, as poſitively, augments the revenue of the ſociety.

The labour of the artificer replaces to the farmer that portion of his labour with which he provides the materials of exchange with the artificer, and which he would otherwiſe have been compelled to apply to manufactures; and while the artificer thus enables the farmer to enlarge his ſtock of agricultural induſtry, a portion of which he purchaſes for his own uſe, *he alſo ſupplies himſelf with the manufactured articles of which he ſtands in need.* He does ſtill more—Beſides this equivalent which he gives for the portion of agricultural labour conſumed by him, and this ſupply of manufactured commodities for his own conſumption; he furniſhes ſtill a ſurplus, which compenſates for the uſe of the capital advanced either by himſelf or ſome other perſon, for carrying on the buſineſs. This is the ordinary profit of the ſtock employed in the manufactory, and is, in every ſenſe, as effective an addition to the income of the ſociety as the rent of land.

The produce of the labour of the artificer conſequently, may be regarded as compoſed of three parts; one by which the proviſions for his ſubſiſtence and the materials for his work are purchaſed of the farmer, one by which he ſupplies himſelf with manufactured neceſſaries, and a third which conſtitutes the profit on the ſtock employed. The two laſt portions ſeem to have been overlooked in the ſyſtem, which repreſents manufacturing induſtry as barren and unproductive.

In the courſe of the preceding illuſtrations, the products of equal quantities of the labour of the farmer and artificer have been treated as if equal to each other. But this is not to be underſtood as intending to aſſert any ſuch preciſe equality.

lity. It is merely a manner of expreſſion adopted for the ſake of ſimplicity and perſpicuity. Whether the value of the produce of the labour of the farmer be ſomewhat more or leſs than that of the artificer, is not material to the main ſcope of the argument, which hitherto has only aimed at ſhewing that the one, as well as the other, occaſions a poſitive augmentation of the total produce and revenue of the ſociety.

It is now proper to proceed a ſtep further, and to enumerate the principal circumſtances, from which it may be inferred. That manufacturing eſtabliſhments not only occaſion a poſitive augmentation of the produce and revenue of the ſociety, but that they contribute eſſentially to rendering them greater than they could poſſibly be, without ſuch eſtabliſhments. Theſe circumſtances are,

1. The diviſion of labour.
2. An extenſion of the uſe of machinery.
3. Additional employment to claſſes of the community not ordinarily engaged in the buſineſs.
4. The promoting of emigration from foreign countries.
5. The furniſhing greater ſcope for the diverſity of talents and diſpoſitions which diſcriminate men from each other.
6. The affording a more ample and various field for enterpriſe.
7. The creating in ſome inſtances a new, and ſecuring in all, a more certain and ſteady demand for the ſurplus produce of the ſoil.

Each of theſe circumſtances has a conſiderable influence upon the total maſs of induſtrious effort in a community: together, they add to it a degree of energy and effect, which are not eaſily conceived. Some comments upon each of them, in the order in which they have been ſtated, may ſerve to explain their importance.

I. *As to the diviſion of labour.*—

It has juſtly been obſerved, that there is ſcarcely any thing of greater moment in the œconomy of a nation, than the proper diviſion of labour. The ſeparation of occupations cauſes each to be carried to a much greater perfection than it could poſſibly acquire, if they were blended. This ariſes principally from three circumſtances.

1ſt. The greater ſkill and dexterity naturally reſulting from a conſtant and undivided application to a ſingle object. It is evident, that theſe properties muſt increaſe, in proportion

portion to the ſeparation and ſimplification of objects and the ſteadineſs of the attention devoted to each; and muſt be leſs, in proportion to the complication of objects, and the number among which the attention is diſtracted.

2d. The œconomy of time, by avoiding the loſs of it, incident to a frequent tranſition from one operation to another of a different nature. This depends on various circumſtances; the tranſition itſelf, the orderly diſpoſition of the implements, machines and materials employed in the operation to be relinquiſhed, the preparatory ſteps to the commencement of a new one, the interruption of the impulſe, which the mind of the workman acquires, from being engaged in a particular operation; the diſtractions, heſitations and reluctances, which attend the paſſage from one kind of buſineſs to another.

3d. An extenſion of the uſe of machinery.—A man occupied on a ſingle object will have it more in his power, and will be more naturally led to exert his imagination in deviſing methods to facilitate and abridge labour, than if he were perplexed by a variety of independent and diſſimilar operations. Beſides this, the fabrication of machines, in numerous inſtances, becoming itſelf a diſtinct trade, the artiſt who follows it, has all the advantages which have been enumerated, for improvement in his particular art; and in both ways the invention and application of machinery are extended.

And from theſe cauſes united, the mere ſeparation of the occupation of the cultivator, from that of the artificer, has the effect of augmenting the *productive powers* of labour, and with them, the total maſs of the produce or revenue of a country. In this ſingle view of the ſubject, therefore, the utility of artificers or manufacturers, towards promoting an increaſe of productive induſtry, is apparent.

II. *As to an extenſion of the uſe of machinery, a point which though partly anticipated, requires to be placed in one or two additional lights.*

The employment of machinery forms an item of great importance in the general maſs of national induſtry. 'Tis an artificial force brought in aid of the natural force of man; and, to all the purpoſes of labour, is an increaſe of hands; an acceſſion of ſtrength, *unincumbered too by the expence of maintaining the labourer.* May it not therefore be fairly inferred, that thoſe occupations, which give greateſt ſcope to

the uſe of this auxiliary, contribute moſt to the general ſtock of induſtrious effort, and, in conſequence, to the general product of induſtry?

It ſhall be taken for granted, and the truth of the poſition referred to obſervation, that manufacturing purſuits are ſuſceptible in a greater degree of the application of machinery, than thoſe of agriculture. If ſo, all the difference is loſt to a community, which, inſtead of manufacturing for itſelf, procures the fabrics requiſite to its ſupply from other countries. The ſubſtitution of foreign for domeſtic manufactures is a transfer to foreign nations of the advantages accruing from the employment of machinery, in the modes in which it is capable of being employed, with moſt utility and to the greateſt extent.

The cotton mill invented in England, within the laſt twenty years, is a ſignal illuſtration of the general propoſition, which has been juſt advanced. In conſequence of it, all the different proceſſes for ſpinning cotton are performed by means of machines, which are put in motion by water, and attended chiefly by women and children; and by a ſmaller number of perſons, in the whole, than are requiſite in the ordinary mode of ſpinning. And it is an advantage of great moment that the operations of this mill continue with convenience, during the night, as well as through the day. The prodigious effect of ſuch a machine is eaſily conceived. To this invention is to be attributed eſſentially the immenſe progreſs, which has been ſo ſuddenly made in Great Britain in the various fabrics of cotton.

III. *As to the additional employment of claſſes of the community, not originally engaged in the particular buſineſs.*

This is not among the leaſt valuable of the means, by which manufacturing inſtitutions contribute to augment the general ſtock of induſtry and production. In places where thoſe inſtitutions prevail, beſides the perſons regularly engaged in them, they afford occaſional and extra employment to induſtrious individuals and families, who are willing to devote the leiſure reſulting from the intermiſſions of their ordinary purſuits to collateral labours, as a reſource for multiplying their acquiſitions or their enjoyments. The huſbandman himſelf experiences a new ſource of profit and ſupport from the increaſed induſtry of his wife and daughters; invited and ſtimulated by the demands of the neighbouring manufactories.

Beſide this advantage of occaſional employment to claſſes having different occupations, there is another of a nature allied to it and of a ſimilar tendency. This is, the employment of perſons who would otherwiſe be idle (and in many caſes a burden on the community) either from the bias of temper, habit, infirmity of body, or ſome other cauſe, indiſpoſing or diſqualifying them for the toils of the country. It is worthy of particular remark, that, in general, women and children are rendered more uſeful, and the latter more early uſeful, by manufacturing eſtabliſhments, than they would otherwiſe be. Of the number of perſons employed in the cotton manufactories of Great Britain, it is computed that $\frac{4}{7}$ nearly are women and children; of whom the greateſt proportion are children, and many of them of a tender age.

And thus it appears to be one of the attributes of manufactures, and one of no ſmall conſequence, to give occaſion to the exertion of a greater quantity of induſtry, even by the *ſame number* of perſons, where they happen to prevail, than would exiſt, if there were no ſuch eſtabliſhments.

IV. *As to the promoting of emigration from foreign countries.*

Men reluctantly quit one courſe of occupation and livelihood for another, unleſs invited to it by very apparent and proximate advantages. Many, who would go from one country to another, if they had a proſpect of continuing, with more benefit, the callings to which they have been educated, will often not be tempted to change their ſituation by the hope of doing better in ſome other way. Manufacturers who, liſtening to the powerful invitations of a better price for their fabrics, or their labour, of greater cheapneſs of proviſions and raw materials, of an exemption from the chief part of the taxes, burdens and reſtraints, which they endure in the old world, of greater perſonal independence and conſequence, under the operation of a more equal government, and of what is far more precious than mere religious toleration, a perfect equality of religious privileges; would probably flock from Europe to the United States to purſue their own trades or profeſſions, if they were once made ſenſible of the advantages they would enjoy, and were inſpired with an aſſurance of encouragement and employment, will, with difficulty, be induced to tranſplant themſelves, with a view to becoming cultivators of land.

If it be true then, that it is the intereſt of the United States to open every poſſible avenue to emigration from

abroad, it affords a weighty argument for the encouragement of manufactures; which, for the reaſons juſt aſſigned, will have the ſtrongeſt tendency to multiply the inducements to it.

Here is perceived an important reſource, not only for extending the population, and with it the uſeful and productive labour of the country, but likewiſe for the proſecution of manufactures, without deducting from the number of hands, which might otherwiſe be drawn to tillage; and even for the indemnification of agriculture for ſuch as might happen to be diverted from it. Many, whom manufacturing views would induce to emigrate, would afterwards yield to the temptations, which the particular ſituation of this country holds out to agricultural purſuits. And while agriculture would in other reſpects derive many ſignal and unmingled advantages, from the growth of manufactures, it is a problem whether it would gain or loſe, as to the article of the number of perſons employed in carrying it on.

V. *As to the furniſhing greater ſcope for the diverſity of talents and diſpoſitions, which diſcriminate men from each other.*

This is a much more powerful mean of augmenting the fund of national induſtry than may at firſt ſight appear. It is a juſt obſervation, that minds of the ſtrongeſt and moſt active powers for their proper objects fall below mediocrity and labour without effect, if confined to uncongenial purſuits. And it is thence to be inferred, that the reſults of human exertion may be immenſely increaſed by diverſifying its objects. When all the different kinds of induſtry obtain in a community, each individual can find his proper element, and can call into activity the whole vigour of his nature. And the community is benefited by the ſervices of its reſpective members, in the manner, in which each can ſerve it with moſt effect.

If there be any thing in a remark often to be met with, namely, that there is, in the genius of the people of this country, a peculiar aptitude for mechanic improvements, it would operate as a forcible reaſon for giving opportunities to the exerciſe of that ſpecies of talent, by the propagation of manufactures.

VI. *As to the affording a more ample and various field for enterpriſe.*

This alſo is of greater conſequence in the general ſcale of national exertion, than might perhaps on a ſuperficial view be

be ſuppoſed, and has effects not altogether diſſimilar from thoſe of the circumſtance laſt noticed. To cheriſh and ſtimulate the activity of the human mind, by multiplying the objects of enterpriſe, is not among the leaſt conſiderable of the expedients, by which the wealth of a nation may be promoted. Even things in themſelves, not poſitively advantageous, ſometimes become ſo, by their tendency to provoke exertion. Every new ſcene which is opened to the buſy nature of man to rouſe and exert itſelf, is the addition of a new energy to the general ſtock of effort.

The ſpirit of enterpriſe, uſeful and prolific as it is, muſt neceſſarily be contracted or expanded in proportion to the ſimplicity or variety of the occupations and productions, which are to be found in a ſociety. It muſt be leſs in a nation of mere cultivators, than in a nation of cultivators and merchants; leſs in a nation of cultivators and merchants, than in a nation of cultivators, artificers and merchants.

VII. *As to the creating, in ſome inſtances, a new, and ſecuring in all a more certain and ſteady demand, for the ſurplus produce of the ſoil.*

This is among the moſt important of the circumſtances which have been indicated. It is a principal mean, by which the eſtabliſhment of manufactures contributes to an augmentation of the produce or revenue of a country, and has an immediate and direct relation to the proſperity of agriculture.

It is evident, that the exertions of the huſbandman will be ſteady or fluctuating, vigorous or feeble, in proportion to the ſteadineſs or fluctuation, adequateneſs, or inadequateneſs of the markets on which he muſt depend, for the vent of the ſurplus, which may be produced by his labour; and that ſuch ſurplus in the ordinary courſe of things will be greater or leſs in the ſame proportion.

For the purpoſe of this vent, a domeſtic market is greatly to be preferred to a foreign one; becauſe it is in the nature of things, far more to be relied upon.

It is a primary object of the policy of nations, to be able to ſupply themſelves with ſubſiſtence from their own ſoils; and manufacturing nations, as far as circumſtances permit, endeavour to procure from the ſame ſource, the raw materials neceſſary for their own fabrics. This diſpoſition, urged by the ſpirit of monopoly, is ſometimes even carried to an injudicious extreme. It ſeems not always to be recollected, that nations, who have neither mines nor manufactures, can only

only obtain the manufactured articles, of which they ſtand in need, by an exchange of the products of their ſoils; and that, if thoſe who can beſt furniſh them with ſuch articles are unwilling to give a due courſe to this exchange, they muſt of neceſſity make every poſſible effort to manufacture for themſelves; the effect of which is that the manufacturing nations abridge the natural advantages of their ſituation, through an unwillingneſs to permit the agricultural countries to enjoy the advantages of theirs, and ſacrifice the intereſts of a mutually beneficial intercourſe to the vain project of *ſelling every thing* and *buying nothing*.

But it is alſo a conſequence of the policy, which has been noted, that the foreign demand for the products of agricultural countries, is, in a great degree, rather caſual and occaſional, than certain or conſtant. To what extent injurious interruptions of the demand for ſome of the ſtaple commodities of the United States, may have been experienced, from that cauſe, muſt be referred to the judgment of thoſe who are engaged in carrying on the commerce of the country; but it may be ſafely affirmed, that ſuch interruptions are at times very inconveniently felt, and that caſes not unfrequently occur, in which markets are ſo confined and reſtricted, as to render the demand very unequal to the ſupply.

Independently likewiſe of the artificial impediments which are created by the policy in queſtion, there are natural cauſes tending to render the external demand for the ſurplus of agricultural nations a precarious reliance. The differences of ſeaſons, in the countries which are the conſumers, make immenſe differences in the produce of their own ſoils, in different years; and conſequently in the degrees of their neceſſity for foreign ſupply. Plentiful harveſts with them, eſpecially if ſimilar ones, occur at the ſame time in the countries which are the furniſhers, occaſion of courſe a glut in the markets of the latter.

Conſidering how faſt and how much the progreſs of new ſettlements in the United States muſt increaſe the ſurplus produce of the ſoil, and weighing ſeriouſly the tendency of the ſyſtem, which prevails among moſt of the commercial nations of Europe; whatever dependence may be placed on the force of natural circumſtances to counteract the effects of an artificial policy; there appear ſtrong reaſons to regard the foreign demand for that ſurplus as too uncertain a reliance, and to deſire a ſubſtitute for it, in an extenſive domeſtic market.

To ſecure ſuch a market, there is no other expedient, than to promote manufacturing eſtabliſhments. Manufacturers who conſtitute the moſt numerous claſs, after the cultivators of land, are for that reaſon the principal conſumers of the ſurplus of their labour.

This idea of an extenſive domeſtic market for the ſurplus produce of that ſoil is of the firſt conſequence. It is of all things, that which moſt effectually conduces to a flouriſhing ſtate of agriculture. If the effect of manufactories ſhould be to detach a portion of the hands, which would otherwiſe be engaged in tillage, it might poſſibly cauſe a ſmaller quantity of lands to be under cultivation; but by their tendency to procure a more certain demand for the ſurplus produce of the ſoil, they would, at the ſame time, cauſe the lands which were in cultivation, to be better improved and more productive. And while, by their influence, the condition of each individual farmer would be meliorated, the total maſs of agricultural production would probably be increaſed. For this muſt evidently depend as much, if not more, upon the degree of improvement, than upon the number of acres under culture.

It merits particular obſervation, that the multiplication of manufactories not only furniſhes a market for thoſe articles which have been accuſtomed to be produced in abundance, in a country; but it likewiſe creates a demand for ſuch as were either unknown or produced in inconſiderable quantities. The bowels as well as the ſurface of the earth are ranſacked for articles which were before neglected. Animals, plants, and minerals acquire a utility and value, which were before unexplored.

The foregoing conſiderations ſeem ſufficient to eſtabliſh, as general propoſitions, that it is the intereſt of nations to diverſify the induſtrious purſuits of the individuals, who compoſe them—That the eſtabliſhment of manufactures is calculated not only to increaſe the general ſtock of uſeful and productive labour; but even to improve the ſtate of agriculture in particular; certainly to advance the intereſts of thoſe who are engaged in it. There are other views, that will be hereafter taken of the ſubject, which it is conceived, will ſerve to confirm theſe inferences.

III. Previouſly to a further diſcuſſion of the objections to the encouragement of manufactures which have been ſtated, it will be of uſe to ſee what can be ſaid in reference to the particular ſituation of the United States, againſt the

the concluſions appearing to reſult from what has been already offered.

It may be obſerved, and the idea is of no inconſiderable weight, that however true it might be, that a ſtate, which poſſeſſing large tracts of vacant and fertile territory, was at the ſame time ſecluded from foreign commerce, would find its intereſt and the intereſt of agriculture, in diverting a part of its population from tillage to manufactures; yet it will not follow, that the ſame is true of a ſtate, which having ſuch vacant and fertile territory, has at the ſame time ample opportunity of procuring from abroad, on good terms, all the fabrics of which it ſtands in need, for the ſupply of its inhabitants. The power of doing this at leaſt ſecures the great advantage of a diviſion of labour, leaving the farmer free to purſue excluſively the culture of his land, and enabling him to procure with its products the manufactured ſupplies requiſite either to his wants or to his enjoyments. And though it ſhould be true, that in ſettled countries, the diverſification of induſtry is conducive to an increaſe in the productive powers of labour, and to an augmentation of revenue and capital; yet it is ſcarcely conceivable that there can be any thing of ſo ſolid and permanent advantage to an uncultivated and unpeopled country, as to convert its waſtes into cultivated and inhabited diſtricts. If the revenue, in the mean time, ſhould be leſs, the capital, in the event, muſt be greater.

To theſe obſervations, the following appears to be a ſatisfactory anſwer—

1. If the ſyſtem of perfect liberty to induſtry and commerce were the prevailing ſyſtem of nations, the arguments which diſſuade a country in the predicament of the United States, from the zealous purſuit of manufactures would doubtleſs have great force. It will not be affirmed, that they might not be permitted, with few exceptions, to ſerve as a rule of national conduct. In ſuch a ſtate of things, each country would have the full benefit of its peculiar advantages to compenſate for its deficiencies or diſadvantages. If one nation were in condition to ſupply manufactured articles on better terms than another, that other might find an abundant indemnification in a ſuperior capacity to furniſh the produce of the ſoil. And a free exchange, mutually beneficial, of the commodities which each was able to ſupply, on the beſt terms, might be carried on between them, ſupporting in full vigour the induſtry of each.

And

And though the circumſtances which have been mentioned, and others which will be unfolded hereafter, render it probable, that nations merely agricultural, would not enjoy the ſame degree of opulence, in proportion to their numbers, as thoſe which united manufactures with agriculture; yet the progreſſive improvement of the lands of the former, might in the end, atone for an inferior degree of opulence in the mean time; and in a caſe, in which oppoſite conſiderations are pretty equally balanced, the option ought perhaps always to be, in favour of leaving induſtry to its own direction.

But the ſyſtem, which has been mentioned, is far from characteriſing the general policy of nations. The prevalent one has been regulated by an oppoſite ſpirit. The conſequence of it is, that the United States are to a certain extent in the ſituation of a country precluded from foreign commerce. They can, indeed, without difficulty, obtain from abroad the manufactured ſupplies, of which they are in want; but they experience numerous and very injurious impediments to the emiſſion and vent of their own commodities. Nor is this the caſe in reference to a ſingle foreign nation only. The regulations of ſeveral countries, with which we have the moſt extenſive intercourſe, throw ſerious obſtructions in the way of the principal ſtaples of the United States.

In ſuch a poſition of things, the United States cannot exchange with Europe on equal terms; and the want of reciprocity would render them the victim of a ſyſtem, which ſhould induce them to confine their views to agriculture, and refrain from manufactures. A conſtant and increaſing neceſſity, on their part, for the commodities of Europe, and only a partial and occaſional demand for their own, in return, could not but expoſe them to a ſtate of impoveriſhment, compared with the opulence to which their political and natural advantages authoriſe them to aſpire.

Remarks of this kind are not made in the ſpirit of complaint. 'Tis for the nations, whoſe regulations are alluded to, to judge for themſelves, whether by aiming at too much, they do not loſe more than they gain. 'Tis for the United States to conſider by what means they can render themſelves leaſt dependent, on the combinations, right or wrong, of foreign policy.

It is no ſmall conſolation, that already the meaſures which have embarraſſed our trade, have accelerated internal im-

 provements,

provements, which upon the whole have bettered our affairs. To diverſify and extend theſe improvements, is the ſureſt and ſafeſt method of indemnifying ourſelves for any inconveniencies, which thoſe or ſimilar meaſures have a tendency to beget. If Europe will not take from us the products of our ſoil, upon terms conſiſtent with our intereſt, the natural remedy is to contract, as faſt as poſſible, our wants of her.

2. The converſion of their waſte into cultivated lands is certainly a point of great moment in the political calculations of the United States. But the degree in which this may poſſibly be retarded by the encouragement of manufactories does not appear to countervail the powerful inducements to affording that encouragement.

An obſervation made in another place is of a nature to have great influence upon this queſtion—If it cannot be denied, that the intereſts even of agriculture may be advanced more by having ſuch of the lands of a ſtate as are occupied under good cultivation, than by having a greater quantity occupied under a much inferior cultivation, and if manufactories, for the reaſons aſſigned, muſt be admitted to have a tendency to promote a more ſteady and vigorous cultivation of the lands occupied, than would happen without them, it will follow, that they are capable of indemnifying a country for a diminution of the progreſs of new ſettlements; and may ſerve to increaſe both the capital value and the income of its lands, even though they ſhould abridge the number of acres under tillage.

But it does, by no means, follow, that the progreſs of new ſettlements would be retarded by the extenſion of manufactures. The deſire of being an independent proprietor of land is founded on ſuch ſtrong principles in the human breaſt, that where the opportunity of becoming ſo is as great as it is in the United States, the proportion will be ſmall of thoſe, whoſe ſituations would otherwiſe lead to it, who would be diverted from it towards manufactures. And it is highly probable, as already intimated, that the acceſſions of foreigners, who are originally drawn over by manufacturing views would afterwards abandon them for agricultural, would be more than an equivalent for thoſe of our own citizens, who might happen to be detached from them.

The remaining objections to a particular encouragement of manufactures in the United States now require to be examined.

One

One of theſe turns on the propoſition, that induſtry, if left to itſelf, will naturally find its way to the moſt uſeful and profitable employment: whence it is inferred, that manufactures, without the aid of government, will grow up as ſoon and as faſt, as the natural ſtate of things and the intereſt of the community may require.

Againſt the ſolidity of this hypotheſis, in the full latitude of the terms, very cogent reaſons may be offered. Theſe have relation to the ſtrong influence of habit and the ſpirit of imitation, the fear of want of ſucceſs in untried enterpriſes, the intrinſic difficulties incident to firſt eſſays towards a competition with thoſe who have previouſly attained to perfection in the buſineſs to be attempted, the bounties, premiums, and other artificial encouragements, with which foreign nations ſecond the exertions of their own citizens in the branches, in which they are to be rivalled.

Experience teaches, that men are often ſo much governed by what they are accuſtomed to ſee and practice, that the ſimpleſt and moſt obvious improvements, in the moſt ordinary occupations, are adopted with heſitation, reluctance, and by ſlow gradations. The ſpontaneous tranſition to new purſuits, in a community long habituated to different ones, may be expected to be attended with proportionably greater difficulty. When former occupations ceaſed to yield a profit adequate to the ſubſiſtence of their followers, or when there was an abſolute deficiency of employment in them, owing to the ſuperabundance of hands, changes would enſue; but theſe changes would be likely to be more tardy than might conſiſt with the intereſt either of individuals or of the ſociety. In many caſes they would not happen, while a bare ſupport could be enſured by an adherence to ancient courſes; though a reſort to a more profitable employment might be practicable. To produce the deſirable changes, as early as may be expedient, may therefore require the incitement and patronage of government.

The apprehenſion of failing in new attempts is perhaps a more ſerious impediment. There are diſpoſitions apt to be attracted by the mere novelty of an undertaking; but theſe are not always thoſe beſt calculated to give it ſucceſs. To this, it is of importance that the confidence of cautious, ſagacious capitaliſts, both citizens and foreigners, ſhould be excited. And to inſpire this deſcription of perſons with confidence, it is eſſential, that they ſhould be made to ſee in any project, which is new, and for that reaſon alone, if for no other, precarious, the proſpect of ſuch a degree of

countenance and ſupport from government, as may be capable of overcoming the obſtacles, inſeparable from firſt experiments.

The ſuperiority antecedently enjoyed by nations, who have pre-occupied and perfected a branch of induſtry, conſtitutes a more formidable obſtacle, than either of thoſe, which have been mentioned, to the introduction of the ſame branch into a country, in which it did not before exiſt. To maintain between the recent eſtabliſhments of one country, and the long matured eſtabliſhments of another country, a competition upon equal terms, both as to quality and price, is in moſt caſes impracticable. The diſparity, in the one, or in the other, or in both, muſt neceſſarily be ſo conſiderable as to forbid a ſucceſsful rivalſhip, without the extraordinary aid and protection of government.

But the greateſt obſtacle of all to the ſucceſsful proſecution of a new branch of induſtry in a country, in which it was before unknown, conſiſts, as far as the inſtances apply, in the bounties, premiums, and other aids which are granted, in a variety of caſes, by the nations in which the eſtabliſhments to be imitated are previouſly introduced. It is well known (and particular examples in the courſe of this report will be cited) that certain nations grant bounties on the exportation of particular commodities, to enable their own workmen to underſell and ſupplant all competitors, in the countries to which thoſe commodities are ſent. Hence the undertakers of a new manufacture have to contend not only with the natural diſadvantages of a new undertaking, but with the gratuities and remunerations which other governments beſtow. To be enabled to contend with ſucceſs, it is evident, that the interference and aid of their own government are indiſpenſable.

Combinations by thoſe engaged in a particular branch of buſineſs in one country, to fruſtrate the firſt efforts to introduce it into another, by temporary ſacrifices, recompenſed perhaps by extraordinary indemnifications of the government of ſuch country, are believed to have exiſted, and are not to be regarded as deſtitute of probability. The exiſtence or aſſurance of aid from the government of the country, in which the buſineſs is to be introduced, may be eſſential to fortify adventurers againſt the dread of ſuch combinations—to defeat their effects, if formed, and to prevent their being formed, by demonſtrating that they muſt in the end prove fruitleſs.

Whatever

Whatever room there may be for an expectation that the induſtry of a people, under the direction of private intereſt, will upon equal terms find out the moſt beneficial employment for itſelf, there is none for a reliance, that it will ſtruggle againſt the force of unequal terms, or will of itſelf ſurmount all the adventitious barriers to a ſucceſsful competition, which may have been erected either by the advantages naturally acquired from practice and previous poſſeſſion of the ground, or by thoſe which may have ſprung from poſitive regulations and an artificial policy. This general reflection might alone ſuffice as an anſwer to the objection under examination; excluſively of the weighty conſiderations which have been particularly urged.

The objections to the purſuit of manufactures in the United States, which next preſent themſelves to diſcuſſion, repreſent an impracticability of ſucceſs, ariſing from three cauſes—ſcarcity of hands, dearneſs of labour, want of capital.

The two firſt circumſtances are to a certain extent real, and, within due limits, ought to be admitted as obſtacles to the ſucceſs of manufacturing enterpriſe in the United States. But there are various conſiderations, which leſſen their force, and tend to afford an aſſurance that they are not ſufficient to prevent the advantageous proſecution of many very uſeful and extenſive manufactories.

With regard to ſcarcity of hands, the fact itſelf muſt be applied with no ſmall qualification to certain parts of the United States. There are large diſtricts, which may be conſidered as pretty fully peopled; and which notwithſtanding a continual drain for diſtant ſettlement, are thickly interſperſed with flouriſhing and increaſing towns. If theſe diſtricts have not already reached the point, at which the complaint of ſcarcity of hands ceaſes, they are not remote from it, and are approaching faſt towards it: And having perhaps fewer attractions to agriculture, than ſome other parts of the union, they exhibit a proportionably ſtronger tendency towards other kinds of induſtry. In theſe diſtricts, may be diſcerned, no inconſiderable maturity for manufacturing eſtabliſhments.

But there are circumſtances, which have been already noticed with another view, that materially diminiſh every where the effect of a ſcarcity of hands. Theſe circumſtances are—the great uſe which can be made of women and children; on which point a very pregnant and inſtruc-

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tive fact has been mentioned; the vaſt extenſion given by late improvements to the employment of machines, which ſubſtituting the agency of fire and water, has prodigiouſly leſſened the neceſſity for manual labour; the employment of perſons ordinarily engaged in other occupations, during the ſeaſons, or hours of leiſure; which, beſides giving occaſion to the exertion of a greater quantity of labour by the ſame number of perſons, and thereby increaſing the general ſtock of labour as has been elſewhere remarked, may alſo be taken into the calculation, as a reſource for obviating the ſcarcity of hands—laſtly, the attraction of foreign emigrants. Whoever inſpects with a careful eye, the compoſition of our towns, will be made ſenſible to what an extent this reſource may be relied upon. This exhibits a large proportion of ingenious and valuable workmen, in different arts and trades, who, by expatriating from Europe, have improved their own condition, and added to the induſtry and wealth of the United States. It is a natural inference from the experience we have already had, that as ſoon as the United States ſhall preſent the countenance of a ſerious proſecution of manufactures, as ſoon as foreign artiſts ſhall be made ſenſible that the ſtate of things here affords a moral certainty of employment and encouragement, competent numbers of European workmen will tranſplant themſelves, effectually to enſure the ſucceſs of the deſign. How indeed can it otherwiſe happen conſidering the various and powerful inducements, which the ſituation of this country offers; addreſſing themſelves to ſo many ſtrong paſſions and feelings, to ſo many general and particular intereſts.

It may be affirmed, therefore, in reſpect to hands for carrying on manufactures, that we ſhall in a great meaſure trade upon a foreign ſtock; reſerving our own, for the cultivation of our lands, and the manning of our ſhips; as far as character and circumſtances ſhall incline. It is not unworthy of remark, that the objection to the ſucceſs of manufactures, deduced from the ſcarcity of hands, is alike applicable to trade and navigation, and yet theſe are perceived to flouriſh, without any ſenſible impediment from that cauſe.

As to the dearneſs of labour (another of the obſtacles alledged) this has relation principally to two circumſtances; one, that which has been juſt diſcuſſed, or the ſcarcity of hands; the other, the greatneſs of profits.

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As far as it is a conſequence of the ſcarcity of hands, it is mitigated by all the conſiderations which have been adduced as leſſening that deficiency. It is certain too, that the diſparity in this reſpect, between ſome of the moſt manufacturing parts of Europe, and a large proportion of the United States, is not nearly ſo great as is commonly imagined. It is alſo much leſs in regard to artificers and manufacturers than in regard to country labourers; and while a careful compariſon ſhews, that there is, in this particular, much exaggeration; it is alſo evident that the effect of the degree of diſparity which does truly exiſt, is diminiſhed in proportion to the uſe which can be made of machinery.

To illuſtrate this laſt idea—Let it be ſuppoſed, that the difference of price, in two countries, of a given quantity of manual labour requiſite to the fabrication of a given article, is as ten; and that ſome MECHANIC POWER is introduced into both countries, which performing half the neceſſary labour, leaves only half to be done by hand, it is evident, that the difference in the coſt of the fabrication of the article in queſtion, in the two countries, as far as it is connected with the price of labour, will be reduced from ten to five, in conſequence of the introduction of that POWER.

This circumſtance is worthy of the moſt particular attention. It diminiſhes immenſely one of the objections, moſt ſtrenuouſly urged, againſt the ſucceſs of manufactures in the United States.

To procure all ſuch machines as are known in any part of Europe, can only require a proper proviſion and due pains. The knowledge of ſeveral of the moſt important of them is already poſſeſſed. The preparation of them here, is in moſt caſes practicable on nearly equal terms. As far as they depend on water, ſome ſuperiority of advantages may be claimed, from the uncommon variety and greater cheapneſs of ſituations adapted to mill ſeats, with which different parts of the United States abound.

So far as the dearneſs of labour may be a conſequence of the greatneſs of profits in any branch of buſineſs, it is no obſtacle to its ſucceſs. The undertaker can afford to pay the price.

There are grounds to conclude, that undertakers of manufactures in this country can at this time afford to pay higher wages to the workmen they may employ, than are paid to ſimilar workmen in Europe. The prices of foreign fabrics,

in the markets of the United States, which will for a long time regulate the prices of the domeſtic ones, may be conſidered as compounded of the following ingredients. The firſt coſt of materials, including the taxes, if any, which are paid upon them where they are made; the expence of grounds, buildings, machinery and tools; the wages of the perſons employed in the manufactory; the profits on the capital or ſtock employed; the commiſſions of agents to purchaſe them where they are made; the expence of tranſportation to the United States, including inſurance and other incidental charges; the taxes or duties, if any, and fees of office which are paid on their exportation; the taxes or duties, and fees of office which are paid on their importation.

As to the firſt of theſe items, the coſt of materials; the advantage, upon the whole, is at preſent on the ſide of the United States, and the difference, in their favour, muſt increaſe, in proportion as a certain and extenſive domeſtic demand ſhall induce the proprietors of land to devote more of their attention to the production of thoſe materials. It ought not to eſcape obſervation, in a compariſon on this point, that ſome of the principal manufacturing countries of Europe are much more dependent on foreign ſupply for the materials of their manufactures, than would be the United States, who are capable of ſupplying themſelves with a greater abundance, as well as a greater variety of the requiſite materials.

As to the ſecond item, the expence of grounds, buildings, machinery and tolls; an equality at leaſt may be aſſumed, ſince advantages in ſome particulars will counterbalance temporary diſadvantages in others.

As to the third item, or the article of wages; the compariſon certainly turns againſt the United States; though as before obſerved, not in ſo great a degree as is commonly ſuppoſed.

The fourth item is alike applicable to the foreign and to the domeſtic manufacture. It is indeed more properly a *reſult* than a particular, to be compared.

But with reſpect to all the remaining items, they are alone applicable to the foreign manufacture, and in the ſtricteſt ſenſe extraordinaries; conſtituting a ſum of extra charge on the foreign fabric, which cannot be eſtimated at leſs than from 15 to 30 per cent. on the coſt of it at the manufactory.

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This ſum of extra charge may confidently be regarded as more than a counterpoiſe for the real difference in the price of labour; and is a ſatisfactory proof that manufactures may proſper in defiance of it in the United States.

To the general allegation, connected with the circumſtances of ſcarcity of hands and dearneſs of labour, that extenſive manufactures can only grow out of a redundant or full population, it will be ſufficient, to anſwer generally, that the fact has been otherwiſe.—That the ſituation alledged to be an eſſential condition of ſucceſs, has not been that of ſeveral nations, at periods when they had already attained to maturity in a variety of manufactures.

The ſuppoſed want of capital for the proſecution of manufactures in the United States, is the moſt indefinite of the objections which are uſually oppoſed to it.

It is very difficult to pronounce any thing preciſe concerning the real extent of the monied capital of a country, and ſtill more concerning the proportion which it bears to the objects that invite the employment of capital. It is not leſs difficult to pronounce how far the *effect* of any given quantity of money, as capital, or in other words, as a medium for circulating the induſtry and propertyof a nation, may be increaſed by the very circumſtance of the additional motion, which is given to it by new objects of employment. That effect, like the momentum of deſcending bodies, may not improperly be repreſented, as in a compound ratio to *maſs* and *velocity*. It ſeems pretty certain, that a given ſum of money, in a ſituation, in which the quick impulſes of commercial activity were little felt, would appear inadequate to the circulation of as great a quantity of induſtry and property, as in one, in which their full influence was experienced.

It is not obvious, why the ſame objection might not as well be made to external commerce as to manufactures; ſince it is manifeſt that our immenſe tracts of land, occupied and unoccupied, are capable of giving employment to more capital than is actually beſtowed upon them. It is certain, that the United States offer a vaſt field for the advantageous employment of capital, but it does not follow, that there will not be found, in one way or another, a ſufficient fund, for the ſucceſsful proſecution of any ſpecies of induſtry which is likely to prove truly beneficial.

The following conſiderations are of a nature to remove all inquietude on the ſcore of want of capital.

The introduction of banks, as has been ſhewn on another occaſion, has a powerful tendency to extend the active capital of a country. Experience of the utility of theſe inſtitutions is multiplying them in the United States. It is probable that they will be eſtabliſhed wherever they can exiſt with advantage; and wherever they can be ſupported, if adminiſtered with prudence, they will add new energies to all pecuniary operations.

The aid of foreign capital may ſafely, and with conſiderable latitude be taken into calculation. Its inſtrumentality has been long experienced in our external commerce; and it has begun to be felt in various other modes. Not only our funds, but our agriculture and other internal improvements have been animated by it. It has already, in a few inſtances, extended even to our manufactures.

It is a well known fact, that there are parts of Europe, which have more capital, than profitable domeſtic objects of employment. Hence, among other proofs, the large loans continually furniſhed to foreign ſtates. And it is equally certain that the capital of other parts may find more profitable employment in the United States, than at home. And notwithſtanding there are weighty inducements to prefer the employment of capital at home, even at leſs profit, to an inveſtment of it abroad, though with greater gain, yet theſe inducements are over-ruled, either by a deficiency of employment, or by a very material difference in profit. Both theſe cauſes operate to produce a transfer of foreign capital to the United States. 'Tis certain, that various objects in this country hold out advantages, which are with difficulty to be equalled elſewhere; and under the increaſingly favourable impreſſions, which are entertained of our government, the attractions will become more and more ſtrong. Theſe impreſſions will prove a rich mine of proſperity to the country, if they are confirmed and ſtrengthened by the progreſs of our affairs. And to ſecure this advantage, little more is neceſſary, than to foſter induſtry, and cultivate order and tranquillity, at home and abroad.

It is not impoſſible, that there may be perſons diſpoſed to look with a jealous eye on the introduction of foreign capital, as if it were an inſtrument to deprive our own citizens of the profits of our own induſtry: But perhaps there never

never could be a more unreaſonable jealouſy. Inſtead of being viewed as a rival, it ought to be conſidered as a moſt valuable auxiliary; conducing to put in motion a greater quantity of productive labour, and a greater portion of uſeful enterpriſe, than could exiſt without it. It is at leaſt evident, that in a country ſituated like the United States, with an infinite fund of reſources, yet to be unfolded, every farthing of foreign capital, which is laid out in internal ameliorations, and in induſtrious eſtabliſhments of a permanent nature, is a precious acquiſition.

And whatever be the objects which originally attract foreign capital, when once introduced, it may be directed towards any purpoſe of beneficial exertion, which is deſired. And to detain it among us, there can be no expedient ſo effectual as to enlarge the ſphere, within which it may be uſefully employed: though introduced merely with views to ſpeculations in the funds, it may afterwards be rendered ſubſervient to the intereſts of agriculture, commerce, and manufactures.

But the attraction of foreign capital for the direct purpoſe of manufactures ought not to be deemed a chimerial expectation. There are already examples of it, as remarked in another place. And the examples, if the diſpoſition be cultivated, can hardly fail to multiply. There are alſo inſtances of another kind, which ſerve to ſtrengthen the expectation; enterpriſes for improving the public communications, by cutting canals, opening the obſtructions in rivers, and erecting bridges, have received very material aid from the ſame ſource.

When the manufacturing capitaliſt of Europe ſhall advert to the many important advantages, which have been intimated, in the courſe of this report, he cannot but perceive very powerful inducements to a transfer of himſelf and his capital to the United States. Among the reflections, which a moſt intereſting peculiarity of ſituation is calculated to ſuggeſt, it cannot eſcape his obſervation, as a circumſtance of moment in the calculation, that the progreſſive population and improvement of the United States, enſure a continually increaſing domeſtic demand for the fabrics which he ſhall produce, not to be affected by any external caſualties or viciſſitudes.

But while there are circumſtances ſufficiently ſtrong to authoriſe a conſiderable degree of reliance on the aid of foreign capital, towards the attainment of the object in view,

view, it is ſatisfactory to have good grounds of aſſurance, that there are domeſtic reſources of themſelves adequate to it. It happens, that there is a ſpecies of capital, actually exiſting within the United States, which relieves from all inquietude on the ſcore of want of capital—This is the funded debt.—

The effect of a funded debt, as a ſpecies of capital, has been noticed upon a former occaſion; but a more particular elucidation of the point ſeems to be required by the ſtreſs which is here laid upon it—This ſhall accordingly be attempted.

Public funds anſwer the purpoſe of capital, from the eſtimation in which they are uſually held by monied men; and conſequently from the eaſe and diſpatch with which they can be turned into money. This capacity of prompt convertibility into money cauſes a transfer of ſtock to be in a great number of caſes equivalent to a payment in coin—And where it does not happen to ſuit the party who is to receive, to accept a transfer of ſtock, the party who is to pay, is never at a loſs to find elſewhere a purchaſer of his ſtock, who will furniſh him in lieu of it, with the coin of which he ſtands in need.

Hence in a ſound and ſettled ſtate of the public funds, a man poſſeſſed of a ſum in them can embrace any ſcheme of buſineſs, which offers, with as much confidence as if he were poſſeſſed of an equal ſum in coin.

This operation of public funds, as capital, is too obvious to be denied; but it is objected to the idea of their operating as an *augmentation* of the capital of the community, that they ſerve to occaſion the *deſtruction* of ſome other capital to an equal amount.

The capital which alone they can be ſuppoſed to deſtroy, muſt conſiſt of—The annual revenue, which is applied to the payment of intereſt on the debt, and to the gradual redemption of the principal—The amount of the coin, which is employed in circulating the funds, or, in other words, in effecting the different alienations which they undergo.

But the following appears to be the true and accurate view of this matter—

1ſt. As to the point of the annual revenue requiſite for payment of intereſt and redemption of principal.

As a determinate proportion will tend to perſpicuity in the reaſoning, let it be ſuppoſed that the annual revenue to be

be applied, correſponding with the modification of the 6 per cent. ſtock of the United States, is in the ratio of eight upon the hundred; that is, in the firſt inſtance, ſix on account of intereſt, and two on account of principal.

Thus far it is evident, that the capital deſtroyed to the capital created, would bear no greater proportion than 8 to 100. There would be withdrawn from the total maſs of other capitals a ſum of eight dollars to be paid to the public creditor; while he would be poſſeſſed of a ſum of one hundred dollars, ready to be applied to any purpoſe, to be embarked in any enterpriſe, which might appear to him eligible—Here then the *augmentation* of capital, or the exceſs of that which is produced, beyond that which is deſtroyed, is equal to ninety two dollars.

To this concluſion it may be objected, that the ſum of eight dollars is to be withdrawn annually, until the whole hundred is extinguiſhed, and it may be inferred, that in proceſs of time a capital will be deſtroyed equal to that which is at firſt created.

But it is nevertheleſs true, that during the whole of the interval, between the creation of the capital of 100 dollars, and its reduction to a ſum not greater than that of the annual revenue appropriated to its redemption—there will be a greater active capital in exiſtence than if no debt had been contracted. The ſum drawn from other capitals *in any one year* will not exceed eight dollars; but there will be *at every inſtant of time* during the whole period in queſtion, a ſum correſponding *with ſo much of the principle*, as remains *unredeemed*, in the hands of ſome perſon or other, employed, or ready to be employed in ſome profitable undertaking. There will therefore conſtantly be more capital, in capacity to be employed, than capital taken from employment. The exceſs for the firſt year has been ſtated to be ninety-two dollars; it will diminiſh yearly; but there always will be an exceſs, until the principal of the debt is brought to a level with the REDEEMING ANNUITY; that is, in the caſe which has been aſſumed by way of example, to EIGHT DOLLARS. The reality of this exceſs becomes palpable, if it be ſuppoſed, as often happens, that the citizen of a foreign country imports into the United States 100 dollars for the purchaſe of an equal ſum of public debt—here is an abſolute augmentation of the maſs of circulating coin to the extent of 100 dollars. At the end of a year the foreigner is preſumed to draw back eight dollars on account

of

of his principal and intereſt, but he ſtill leaves ninety-two of his original depoſit in circulation, as he in like manner leaves eighty-four at the end of the ſecond year, drawing back then alſo the annuity of eight dollars: And thus the matter proceeds; the capital left in circulation diminiſhing each year, and coming nearer to the level of the annuity drawn back. There are, however, ſome differences in the ultimate operation of the part of the debt, which is purchaſed by foreigners, and that which remains in the hands of citizens. But the general effect in each caſe, though in different degrees, is to add to the active capital of the country.

Hitherto the reaſoning has proceeded on a conceſſion of the poſition, that there is a deſtruction of ſome other capital, to the extent of the annuity appropriated to the payment of the intereſt and the redemption of the principal of the debt; but in this, too much has been conceded. There is at moſt a temporary transfer of ſome other capital, to the amount of the annuity, from thoſe who pay, to the creditor who receives; which he again reſtores to the circulation to reſume the offices of a capital. This he does either immediately by employing the money in ſome branch of induſtry, or mediately by lending it to ſome other perſon, who does ſo employ it, or by ſpending it on his own maintenance. In either ſuppoſition, there is no deſtruction of capital: there is nothing more than a ſuſpenſion of its motion for a time; that is, while it is paſſing from the hands of thoſe who pay into the public coffers, and thence through the public creditor into ſome other channel of circulation. When the payments of intereſt are periodical and quick, and made by the inſtrumentality of banks, the diverſion or ſuſpenſion of capital may almoſt be denominated momentary. Hence the deduction on this account is far leſs, than it at firſt ſight appears to be.

There is evidently, as far as regards the annuity, no deſtruction nor transfer of any other capital, than that portion of the income of each individual, which goes to make up the annuity. The land which furniſhes the farmer with the ſum which he is to contribute, remains the ſame; and the like may be obſerved of other capitals. Indeed as far as the tax, which is the object of contribution (as frequently happens when it does not oppreſs by its weight) may have been a motive to *greater exertion* in any occupation;

occupation; it may even ſerve to increaſe the contributory capital: This idea is not without importance in the general view of the ſubject.

It remains to ſee, what further deduction ought to be made from the capital which is created, by the exiſtence of the debt, on account of the coin, which is employed in its circulation. This is ſuſceptible of much leſs preciſe calculation than the article which has been juſt diſcuſſed. It is impoſſible to ſay what proportion of coin is neceſſary to carry on the alienations which any ſpecies of property uſually undergoes. The quantity indeed varies according to circumſtances. But it may ſtill without heſitation be pronounced, from the quickneſs of the rotation, or rather of the tranſitions, that the *medium* of circulation always bears but a ſmall proportion to the amount of the *property* circulated. And it is thence ſatisfactorily deducible, that the coin employed in the negociations of the funds, and which ſerves to give them activity, as capital, is incomparably leſs than the ſum of the debt negociated for the purpoſe of buſineſs.

It ought not, however, to be omitted, that the negociation of the funds becomes itſelf a diſtinct buſineſs; which employs, and by employing, diverts a portion of the circulating coin from other purſuits. But making due allowance for this circumſtance, there is no reaſon to conclude, that the effect of the diverſion of coin in the whole operation bears any conſiderable proportion to the amount of the capital to which it gives activity. The ſum of the debt in circulation is continually at the command of any uſeful enterpriſe, the coin itſelf which circulates it, is never more than momentarily ſuſpended from its ordinary functions. It experiences an inceſſant and rapid flux and reflux to and from the channels of induſtry to thoſe of ſpeculations in the funds.

There are ſtrong circumſtances in confirmation of this theory. The force of monied capital which has been diſplayed in Great Britain, and the height to which every ſpecies of induſtry has grown up under it, defy a ſolution from the quantity of coin which that kingdom has ever poſſeſſed. Accordingly it has been coeval with its funding ſyſtem, the prevailing opinion of the men of buſineſs, and of the generality of the moſt ſagacious theoriſts of that country, that the operation of the public funds as capital has contributed to the effect in queſtion. Among ourſelves

ſelves appearances thus far favour the ſame concluſion. Induſtry in general ſeems to have been re-animated. There are ſymptoms indicating an extenſion of our commerce. Our navigation has certainly of late had a conſiderable ſpring, and there appears to be in many parts of the Union a command of capital, which, till lately, ſince the revolution at leaſt, was unknown. But it is at the ſame time to be acknowledged, that other circumſtances have concurred (and in a great degree) in producing the preſent ſtate of things, and that the appearances are not yet ſufficiently deciſive to be entirely relied upon.

In the queſtion under diſcuſſion, it is important to diſtinguiſh between an *abſolute increaſe of capital, or an acceſſion of real wealth* and an *artificial increaſe of capital*, as an engine of buſineſs, or as an inſtrument of induſtry and commerce. In the firſt ſenſe, a funded debt has no pretenſions to being deemed an increaſe of capital; in the laſt, it has pretenſions which are not eaſy to be controverted. Of a ſimilar nature is bank credit, and, in an inferior degree, every ſpecies of private credit.

But though a funded debt is not in the firſt inſtance, an abſolute increaſe of capital, or an augmentation of real wealth; yet by ſerving as a new power in the operations of induſtry, it has within certain bounds a tendency to increaſe the real wealth of a community; in like manner as money borrowed by a thrifty farmer, to be laid out in the improvement of his farm, may, in the end, add to his ſtock of real riches.

There are reſpectable individuals, who, from a juſt averſion to an accumulation of public debt, are unwilling to concede to it any kind of utility, who can diſcern no good to alleviate the ill with which they ſuppoſe it pregnant; who cannot be perſuaded, that it ought in any ſenſe to be viewed as an increaſe of capital, leſt it ſhould be inferred, that the more debt the more capital, the greater the burdens the greater the bleſſings of the community.

But it intereſts the public councils to eſtimate every object as it truly is; to appreciate how far the good in any meaſure is compenſated by the ill; or the ill by the good; either of them is ſeldom unmixed.

Neither will it follow, that an accumulation of debt is deſireable, becauſe a certain degree of it operates as capital. There may be a plethora in the political, as in the natural body; there may be a ſtate of things in which any ſuch artificial

artificial capital is unneceſſary. The debt too may be ſwelled to ſuch a ſize, as that the greateſt part of it may ceaſe to be uſeful as a capital, ſerving only to pamper the diſſipation of idle and diſſolute individuals; as that the ſums required to pay the intereſt upon it may become oppreſſive, and beyond the means which a government can employ, conſiſtently with its tranquillity, to raiſe them; as that the reſources of taxation, to face the debt, may have been ſtrained too far to admit of extenſions adequate to exigencies, which regard the public ſafety.

Where this critical point is, cannot be pronounced; but it is impoſſible to believe, that there is not ſuch a point.

And as the viciſſitudes of nations beget a perpetual tendency to the accumulation of debt, there ought to be in every government a perpetual, anxious, and unceaſing effort to reduce that, which at any time exiſts, as faſt as ſhall be practicable, conſiſtently with integrity and good faith.

Reaſonings on a ſubject comprehending ideas ſo abſtract and complex, ſo little reducible to preciſe calculation as thoſe which enter into the queſtion juſt diſcuſſed; are always attended with a danger of running into fallacies. Due allowance ought therefore to be made for this poſſibility—But as far as the nature of the ſubject admits of it, there appears to be ſatisfactory ground for a belief that the public funds operate as a reſource of capital to the citizens of the United States, and, if they are a reſource at all, it is an extenſive one.

To all the arguments which are brought to evince the impracticability of ſucceſs in manufacturing eſtabliſhments in the United States, it might have been a ſufficient anſwer to have referred to the experience of what has been already done—It is certain that ſeveral important branches have grown up and flouriſhed with a rapidity which ſurpriſes; affording an encouraging aſſurance of ſucceſs in future attempts; of theſe it may not be improper to enumerate the moſt conſiderable.

I. *Of ſkins.* Tanned and tawed leather, dreſſed ſkins, ſhoes, boots and ſlippers, harneſs and ſadlery of all kinds, portmanteaus and trunks, leather breeches, gloves, muffs and tippets, parchment and glue.

II. *Of Iron.* Barr and ſheet iron, ſteel, nail rods, and nails, implements of huſbandry, ſtoves, pots, and other houſhold utenſils, the ſteel and iron work of carriages, and for ſhip building, anchors, ſcale beams and weights, and

various tools of artificers, arms of different kinds, though the manufacture of these last has of late diminished for want of demand.

III. *Of Wood.* Ships, cabinet wares and turnery, wool and cotton cards, and other machinery for manufactures and husbandry, mathematical instruments, coopers wares of every kind.

IV. *Of Flax and Hemp.* Cables, sail-cloth, cordage, twine and pack-thread.

V. Bricks and coarse tiles, and potters wares.

VI. Ardent spirits, and malt liquors.

VII. Writing and printing paper, sheathing and wrapping paper, paste-boards, fullers or press papers, paper hangings.

VIII. Hats of fur and wool, and mixtures of both. Women's stuff and silk shoes.

IX. Refined sugars.

X. Oils of animals and seeds, soap, spermaceti and tallow candles.

XI. Copper and brass wares, particularly utensils for distillers, sugar refiners and brewers, and irons and other articles for household use—philosophical apparatus.

XII. Tin wares for most purposes of ordinary use.

XIII. Carriages of all kinds.

XIV. Snuff, chewing and smoaking tobacco.

XV. Starch and hair powder.

XVI. Lampblack and other painters colours.

XVII. Gunpowder.

Besides manufactories of these articles which are carried on as regular trades, and have attained to a considerable degree of maturity, there is a vast scene of household manufacturing, which contributes more largely to the supply of the community, than could be imagined; without having made it an object of particular inquiry. This observation is the pleasing result of the investigation, to which the subject of this report has led, and is applicable as well to the southern as to the middle and northern states; great quantities of coarse cloths, coatings, serges and flannels, linsey-woolseys, hosiery of wool, cotton and thread, coarse fustians, jeans and muslins, checked and striped cotton and linen goods, bedticks, coverlets and counterpanes, tow linens, coarse shirtings, sheetings, toweling and table linen, and various mixtures of wool and cotton, and of cotton and flax, are made in the household way, and in many instances

inſtances to an extent not only ſufficient for the ſupply of the families in which they are made, but for ſale, and even in ſome caſes for exportation. It is computed in a number of diſtricts that two-thirds, three-fourths, and even four-fifths of all the clothing of the inhabitants are made by themſelves. The importance of ſo great a progreſs, as appears to have been made in family manufactures, within a few years, both in a moral and political view, renders the fact highly intereſting.

Neither does the above enumeration comprehend all the articles that are manufactured as regular trades. Many others occur, which are equally well eſtabliſhed, but which not being of equal importance have been omitted. And there are many attempts ſtill in their infancy, which though attended with very favourable appearances, could not have been properly comprized in an enumeration of manufactories already eſtabliſhed. There are other articles alſo of great importance, which, though ſtrictly ſpeaking, manufactures, are omitted, as being immediately connected with huſbandry: ſuch are flour, pot and pearl aſh, pitch, tar, turpentine, and the like.

There remains to be noticed an objection to the encouragement of manufactures, of a nature different from thoſe which queſtion the probability of ſucceſs—This is derived from its ſuppoſed tendency to give a monopoly of advantages to particular claſſes at the expence of the reſt of the community, who, it is affirmed, would be able to procure the requiſite ſupplies of manufactured articles on better terms from foreigners, than from our own citizens, and who, it is alledged, are reduced to a neceſſity of paying an enhanced price for whatever they want, by every meaſure, which obſtructs the free competition of foreign commodities.

It is not an unreaſonable ſuppoſition, that meaſures, which ſerve to abridge the free competition of foreign articles, have a tendency to occaſion an enhancement of prices, and it is not to be denied that ſuch is the effect in a number of caſes; but the fact does not uniformly correſpond with the theory. A reduction of prices has, in ſeveral inſtances, immediately ſucceeded the eſtabliſhment of a domeſtic manufacture. Whether it be that foreign manufacturers endeavour to ſupplant, by underſelling our own, or whatever elſe be the cauſe, the effect has been ſuch as is ſtated, and the reverſe of what might have been expected.

But though it were true, that the immediate and certain effect of regulations controuling the competition of foreign with domeſtic fabrics was an increaſe of price, it is univerſally true, that the contrary is the ultimate effect with every ſucceſsful manufacture. When a domeſtic manufacture has attained to perfection, and has engaged in the proſecution of it a competent number of perſons, it invariably becomes cheaper. Being free from the heavy charges which attend the importation of foreign commodities, it can be afforded, and accordingly ſeldom or never fails to be ſold cheaper, in proceſs of time, than was the foreign article for which it is a ſubſtitute. The internal competition, which takes place, ſoon does away every thing like monopoly, and by degrees reduces the price of the article to the *minimum* of a reaſonable profit on the capital employed. This accords with the reaſon of the thing, and with experience.

Whence it follows, that it is the intereſt of a community, with a view to eventual and permanent œconomy, to encourage the growth of manufactures. In a national view, a temporary enhancement of price muſt always be well compenſated by a permanent reduction of it.

It is a reflection, which may with propriety be indulged here, that this eventual diminution of the prices of manufactured articles, which is the reſult of internal manufacturing eſtabliſhments, has a direct and very important tendency to benefit agriculture. It enables the farmer, to procure with a ſmaller quantity of his labour, the manufactured produce, of which he ſtands in need, and conſequently increaſes the value of his income and property.

The objections which are commonly made to the expediency of encouraging, and to the probability of ſucceeding in manufacturing purſuits, in the United States, having now been diſcuſſed, the conſiderations which have appeared in the courſe of the diſcuſſion, recommending that ſpecies of induſtry to the patronage of the government, will be materially ſtrengthened by a few general and ſome particular topics, which have been naturally reſerved for ſubſequent notice.

I. There ſeems to be a moral certainty, that the trade of a country which is both manufacturing and agricultural, will be more lucrative and proſperous, than that of a country, which is merely agricultural.

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One reaſon for this is found in that general effort of nations (which has been already mentioned) to procure from their own ſoils, the articles of prime neceſſity requiſite to their own conſumption and uſe; and which ſerves to render their demand for a foreign ſupply of ſuch articles in a great degree occaſional and contingent. Hence, while the neceſſities of nations excluſively devoted to agriculture, for the fabrics of manufacturing ſtates are conſtant and regular, the wants of the latter for the products of the former, are liable to very conſiderable fluctuations and interruptions. The great inequalities, reſulting from difference of ſeaſons, have been elſewhere remarked; this uniformity of demand on one ſide, and unſteadineſs of it, on the other, muſt neceſſarily have a tendency to cauſe the general courſe of the exchange of commodities between the parties, to turn to the diſadvantage of the merely agricultural ſtates. Peculiarity of ſituation, a climate and ſoil adapted to the production of peculiar commodities may, ſometimes, contradict the rule; but there is every reaſon to believe that it will be found in the main, a juſt one.

Another circumſtance which gives a ſuperiority of commercial advantages to ſtates, that manufacture, as well as cultivate, conſiſts in the more numerous attractions, which a more diverſified market offers to foreign cuſtomers, and in the greater ſcope, which it affords to mercantile enterpriſe. It is a poſition of indiſputable truth in commerce, depending too on very obvious reaſons, that the greateſt reſort will ever be to thoſe marts, where commodities, while equally abundant, are moſt various. Each difference of kind holds out an additional inducement: and it is a poſition not leſs clear, that the field of enterpriſe muſt be enlarged to the merchants of a country, in proportion to the variety, as well as the abundance of commodities which they find at home for exportation to foreign markets.

A third circumſtance, perhaps not inferior to either of the other two, conferring the ſuperiority which has been ſtated, has relation to the ſtagnations of demand for certain commodities which at ſome time or other interfere more or leſs with the ſale of all.--The nation which can bring to market but few articles, is likely to be more quickly and ſenſibly affected by ſuch ſtagnations, than one, which is always poſſeſſed of a great variety of commodities; the former frequently finds too great a portion of its ſtock of materials, for ſale or exchange, lying on hand—or is obliged

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to make injurious ſacrifices to ſupply its wants of foreign articles, which are *numerous* and *urgent*, in proportion to the ſmallneſs of the number of its own. The latter commonly finds itſelf indemnified, by the high prices of ſome articles, for the low prices of others—and the prompt and advantageous ſale of thoſe articles which are in demand, enables its merchants the better to wait for a favourable change, in reſpect to thoſe which are not. There is ground to believe, that a difference of ſituation, in this particular, has immenſely different effects upon the wealth and proſperity of nations.

From theſe circumſtances collectively, two important inferences are to be drawn; one, that there is always a higher probability of a favourable balance of trade, in regard to countries, in which manufactures founded on the baſis of a thriving agriculture flouriſh, than in regard to thoſe, which are confined wholly or almoſt wholly to agriculture; the other (which is alſo a conſequence of the firſt) that countries of the former deſcription are likely to poſſeſs more pecuniary wealth, or money, than thoſe of the latter.

Facts appear to correſpond with this concluſion. The importations of manufactured ſupplies ſeem invariably to drain the merely agricultural people of their wealth. Let the ſituation of the manufacturing countries of Europe be compared in this particular, with that of countries which only cultivate, and the diſparity will be ſtriking. Other cauſes, it is true, help to account for this diſparity between ſome of them; and among theſe cauſes, the relative ſtate of agriculture; but between others of them, the moſt prominent circumſtance of diſſimilitude ariſes from the comparative ſtate of manufactures. In corroboration of the ſame idea, it ought not to eſcape remark, that the Weſt-India iſlands, the ſoils of which are the moſt fertile, and the nation, which in the greateſt degree ſupplies the reſt of the world, with the precious metals, exchange to a loſs with almoſt every other country.

As far as experience at home may guide, it will lead to the ſame concluſion. Previous to the revolution, the quantity of coin, poſſeſſed by the colonies, which now compoſe the United States, appeared to be inadequate to their circulation; and their debt to Great-Britain was progreſſive. Since the revolution, the ſtates, in which manufactures have moſt increaſed, have recovered faſteſt from the injuries of the late war; and abound moſt in pecuniary reſources.

It ought to be admitted, however, in this as in the preceding caſe, that cauſes irrelative to the ſtate of manufactures, account, in a degree, for the phenomena remarked. The continual progreſs of new ſettlements has a natural tendency to occaſion an unfavourable balance of trade; though it indemnifies for the inconvenience, by that increaſe of the national capital which flows from the converſion of waſte into improved lands: and the different degrees of external commerce, which are carried on by the different ſtates, may make material differences in the comparative ſtate of their wealth. The firſt circumſtance has reference to the deficiency of coin and the increaſe of debt previous to the revolution; the laſt to the advantages which the moſt manufacturing ſtates appear to have enjoyed, over the others, ſince the termination of the late war.

But the uniform appearance of an abundance of ſpecie, as the concomitant of a flouriſhing ſtate of manufactures, and of the reverſe, where they do not prevail, afford a ſtrong preſumption of their favourable operation upon the wealth of a country.

Not only the wealth, but the independence and ſecurity of a country, appear to be materially connected with the proſperity of manufactures. Every nation, with a view to thoſe great objects, ought to endeavour to poſſeſs within itſelf all the eſſentials of national ſupply. Theſe compriſe the means of *ſubſiſtence*, *habitation*, *clothing*, and *defence*.

The poſſeſſion of theſe is neceſſary to the perfection of the body politic, to the ſafety as well as to the welfare of the ſociety; the want of either, is the want of an important organ of political life and motion; and in the various criſis which await a ſtate, it muſt ſeverely feel the effects of any ſuch deficiency. The extreme embarraſſments of the United States during the late war, from an incapacity of ſupplying themſelves, are ſtill matter of keen recollection: a future war might be expected again to exemplify the miſchiefs and dangers of a ſituation, to which that incapacity is ſtill in too great a degree applicable, unleſs changed by timely and vigorous exertions. To effect this change, as faſt as ſhall be prudent, merits all the attention and all the zeal of our public councils; it is the next great work to be accompliſhed.

The want of a navy to protect our external commerce, as long as it ſhall continue, muſt render it a peculiarly precarious reliance, for the ſupply of eſſential articles, and muſt

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ſerve to ſtrengthen prodigiouſly the arguments in favour of manufactures.

To theſe general conſiderations are added ſome of a more particular nature.

Our diſtance from Europe, the great fountain of manufactured ſupply, ſubjects us in the exiſting ſtate of things, to inconvenience and loſs in two ways.

The bulkineſs of thoſe commodities which are the chief productions of the ſoil, neceſſarily impoſes very heavy charges on their tranſportation, to diſtant markets. Theſe charges, in the caſes, in which the nations, to whom our products are ſent, maintain a competition in the ſupply of their own markets, principally fall upon us, and form material deductions from the primitive value of the articles furniſhed. The charges on manufactured ſupplies, brought from Europe are greatly enhanced by the ſame circumſtance of diſtance. Theſe charges, again, in the caſes in which our own induſtry maintains no competition, in our own markets, alſo principally fall upon us; and are an additional cauſe of extraordinary deduction from the primitive value of our own products; theſe being the materials of exchange for the foreign fabrics, which we conſume.

The equality and moderation of individual property, and the growing ſettlements of new diſtricts, occaſion, in this country an unuſual demand for coarſe manufactures; the charges of which being greater in proportion to their greater bulk, augment the diſadvantage, which has been juſt deſcribed.

As in moſt countries domeſtic ſupplies maintain a very conſiderable competition with ſuch foreign productions of the ſoil, as are imported for ſale; if the extenſive eſtabliſhment of manufactories in the United States does not create a ſimilar competition in reſpect to manufactured articles, it appears to be clearly deducible, from the conſiderations which have been mentioned, that they muſt ſuſtain a double loſs in their exchanges with foreign nations; ſtrongly conducive to an unfavourable balance of trade, and very prejudicial to their intereſts.

Theſe diſadvantages preſs with no ſmall weight, on the landed intereſt of the country. In ſeaſons of peace, they cauſe a ſerious deduction from the intrinſic value of the products of the ſoil. In the time of a war, which ſhould either involve ourſelves, or another nation, poſſeſſing a conſiderable ſhare of our carrying trade, the charges

charges on the tranſportation of our commodities, bulky as moſt of them are, could hardly fail to prove a grievous burden to the farmer; while obliged to depend in ſo great degree as he now does, upon foreign markets for the vent of the ſurplus of his labour.

As far as the proſperity of the fiſheries of the United States is impeded by the want of an adequate market, there ariſes another ſpecial reaſon for deſiring the extenſion of manufactures. Beſides the fiſh, which in many places, would be likely to make a part of the ſubſiſtence of the perſons employed; it is known that the oils, bones and ſkins of marine animals, are of extenſive uſe in various manufactures. Hence the proſpect of an additional demand for the produce of the fiſheries.

One more point of view only remains, in which to conſider the expediency of encouraging manufactures in the United States.

It is not uncommon to meet with an opinion, that though the promoting of manufactures, may be the intereſt of a part of the union, it is contrary to that of another part. The northern and ſouthern regions are ſometimes repreſented as having adverſe intereſts in this reſpect. Thoſe are called manufacturing, theſe agricultural ſtates, and a ſpecies of oppoſition is imagined to ſubſiſt between the manufacturing and agricultural intereſts.

This idea of an oppoſition between thoſe two intereſts is the common error of the early periods of every country, but experience gradually diſſipates it. Indeed they are perceived ſo often to ſuccour and to befriend each other, that they come at length to be conſidered as one; a ſuppoſition which has been frequently abuſed, and is not univerſally true. Particular encouragements of particular manufactures may be of a nature to ſacrifice the intereſts of landholders to thoſe of manufacturers; but it is nevertheleſs a maxim well eſtabliſhed by experience, and generally acknowledged, where there has been ſufficient experience, that the *aggregate* proſperity of manufactures, and the *aggregate* proſperity of agriculture are intimately connected. In the courſe of the diſcuſſion which has had place, various weighty conſiderations have been adduced operating in ſupport of that maxim. Perhaps the ſuperior ſteadineſs of the demand of a domeſtic market for the ſurplus produce of the ſoil, is alone a convincing argument of its truth.

Ideas of a contrariety of intereſts between the northern and ſouthern regions of the Union, are in the main as unfounded as they are miſchievous. The diverſity of circumſtances, on which ſuch contrariety is ufually predicated, authoriſes a directly contrary concluſion. Mutual wants conſtitute one of the ſtrongeſt links of political connection, and the extent of theſe bears a natural proportion to the diverſity in the means of mutual ſupply.

Suggeſtions of an oppoſite complexion are ever to be deplored, as unfriendly to the ſteady purſuit of one great common cauſe, and to the perfect harmony of all the parts.

In proportion as the mind is accuſtomed to trace the intimate connexion of intereſt, which ſubſiſts between all the parts of a ſociety, united under the *ſame* government; the infinite variety of channels which ſerve to circulate the proſperity of each to and through the reſt, in that proportion will it be little apt to be diſturbed by ſolicitudes and apprehenſions which originate in local diſcriminations. It is a truth as important, as it is agreeable, and one to which it is not eaſy to imagine exceptions, that every thing tending to eſtabliſh *ſubſtantial* and *permanent order*, in the affairs of a country, to increaſe the total maſs of induſtry and opulence, is ultimately beneficial to every part of it. On the credit of this great truth, an acquieſcence may ſafely be accorded, from every quarter, to all inſtitutions, and arrangements, which promiſe a confirmation of public order, and an augmentation of national reſource.

But there are more particular conſiderations which ſerve to fortify the idea, that the encouragement of manufactures is the intereſt of all parts of the Union. If the northern and middle ſtates ſhould be the principal ſcenes of ſuch eſtabliſhments, they would immediately benefit the more ſouthern, by creating a demand for productions; ſome of which they have in common with the other ſtates, and others of which are either peculiar to them, or more abundant, or of better quality, than elſewhere. Theſe productions, principally are timber, flax, hemp, cotton, wool, raw ſilk, indigo, iron, lead, furs, hides, ſkins, and coals; of theſe articles cotton and indigo are peculiar to the ſouthern ſtates; as are hitherto *lead* and *coal*, flax and hemp are or may be raiſed in greater abundance there, than in the more northern ſtates; and the wool of Virginia is ſaid to be of better quality than that of any other ſtate: a circumſtance rendered the more probable by the reflection that Virginia embraces the ſame latitudes with the

the fineſt wool countries of Europe. The climate of the ſouth is alſo better adapted to the production of ſilk.

The extenſive cultivation of cotton can perhaps hardly be expected, but from the previous eſtabliſhment of domeſtic manufactories of the article; and the ſureſt encouragement and vent, for the others, would reſult from ſimilar eſtabliſhments in reſpect to them.

If, then, it ſatisfactorily appears, that it is the intereſt of the United States, generally, to encourage manufactures, it merits particular attention, that there are circumſtances which render the preſent a critical moment for entering with zeal upon the important buſineſs. The effort cannot fail to be materially ſeconded by a conſiderable and increaſing influx of money, in conſequence of foreign ſpeculations in the funds—and by the diſorders which exiſt in different parts of Europe.

The firſt circumſtance not only facilitates the execution of manufacturing enterpriſes; but it indicates them as a neceſſary mean to turn the thing itſelf to advantage, and to prevent its being eventually an evil. If uſeful employment be not found for the money of foreigners brought to the country to be inveſted in purchaſes of the public debt, it will quickly be re-exported to defray the expence of an extraordinary conſumption of foreign luxuries; and diſtreſſing drains of our ſpecie may hereafter be experienced to pay the intereſt and redeem the principal of the purchaſed debt.

This uſeful employment too ought to be of a nature to produce ſolid and permanent improvements. If the money merely ſerves to give a temporary ſpring to foreign commerce; as it cannot procure new and laſting outlets for the products of the country; there will be no real or durable advantage gained. As far as it ſhall find its way in agricultural ameliorations, in opening canals, and in ſimilar improvements, it will be productive of ſubſtantial utility. But there is reaſon to doubt, whether in ſuch channels it is likely to find ſufficient employment, and ſtill more whether many of thoſe who poſſeſs it, would be as readily attracted to objects of this nature, as to manufacturing purſuits; which bear greater analogy to thoſe to which they are accuſtomed, and to the ſpirit generated by them.

To open the one field, as well as the other, will at leaſt ſecure a better proſpect of uſeful employment, for whatever acceſſion of money there has been or may be.

There is at the preſent juncture a certain fermentation of mind, a certain activity of ſpeculation and enterpriſe, which if properly directed, may be made ſubſervient to uſeful purpoſes; but which if left entirely to itſelf, may be attended with pernicious effects.

The diſturbed ſtate of Europe, inclining its citizens to emigration, the requiſite workmen, will be more eaſily acquired, than at another time; and the effect of multiplying the opportunities of employment to thoſe who emigrate, may be an increaſe of the number and extent of valuable acquiſitions to the population, arts and induſtry of the country.

To find pleaſure in the calamities of other nations would be criminal; but to benefit ourſelves, by opening an aſylum to thoſe who ſuffer, in conſequence of them, is as juſtifiable as it is politic.

A full view having now been taken of the inducements to the promotion of manufactures in the United States, accompanied with an examination of the principal objections which are commonly urged *in oppoſition*, it is proper in the next place to conſider the means by which it may be effected, as introductory to a ſpecification of the objects which in the preſent ſtate of things appear the moſt fit to be encouraged, and of the particular meaſures which it may be adviſeable to adopt, in reſpect to each.

In order to a better judgment of the means proper to be reſorted to by the United States, it will be of uſe to advert to thoſe which have been employed with ſucceſs in other countries. The principal of theſe are—

I. *Protecting duties—or duties on thoſe foreign articles which are the rivals of the domeſtic ones intended to be encouraged.*

Duties of this nature evidently amount to a virtual bounty on the domeſtic fabrics, ſince by enhancing the charges on foreign articles, they enable the national manufacturers to underſell all their foreign competitors. The propriety of this ſpecies of encouragement need not be dwelt upon; as it is not only a clear reſult from the numerous topics which have been ſuggeſted, but is ſanctioned by the laws of the united States, in a variety of inſtances; it has the additional recommendation of being a reſource of revenue—Indeed all the duties impoſed on imported articles, though with an excluſive view to revenue, have the effect

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in contemplation, and except where they fall on raw materials wear a beneficient aſpect towards the manufactures of the country.

II. *Prohibitions of rival articles, or duties equivalent to prohibitions.*

This is another and an efficacious mean of encouraging national manufactures, but in general it is only fit to be employed when a manufacture has made ſuch a progreſs, and is in ſo many hands as to enſure a due competition, and an adequate ſupply on reaſonable terms—Of duties equivalent to prohibitions, there are examples in the laws of the United States, and there are other caſes to which the principle may be advantageouſly extended, but they are not numerous.

Conſidering a monopoly of the domeſtic market to its own manufacturers as the reigning policy of manufacturing nations, a ſimilar policy on the part of the United States in every proper inſtance, is dictated, it might almoſt be ſaid, by the principles of diſtributive juſtice; certainly by the duty of endeavouring to ſecure to their own citizens a reciprocity of advantages.

III. *Prohibitions of the exportation of the materials of manufactures.*

The deſire of ſecuring a cheap and plentiful ſupply for the national workmen, and, where the article is either peculiar to the country, or of peculiar quality there, the jealouſy of enabling foreign workmen to rival thoſe of the nation, with its own materials, are the leading motives to this ſpecies of regulation. It ought not to be affirmed, that it is in no inſtance proper; but it is certainly one which ought to be adopted with great circumſpection, and only in very plain caſes. It is ſeen at once, that its immediate operation, is to abridge the demand and keep down the price of the produce of ſome other branch of induſtry, generally ſpeaking, of agriculture, to the prejudice of thoſe who carry it on; and though if it be really eſſential to the proſperity of any very important national manufacture, it may happen that thoſe who are injured in the firſt inſtance, may be eventually indemnified, by the ſuperior ſteadineſs of an extenſive domeſtic market depending on that proſperity: yet in a matter, in which there is ſo much room for nice and difficult combinations, in which ſuch oppoſite conſiderations combat each other, prudence ſeems to dictate, that the

the expedient in queſtion, ought to be indulged with a ſparing hand.

IV. *Pecuniary bounties.*

This has been found one of the moſt efficacious means of encouraging manufactures, and it is in ſome views, the beſt. Though it has not yet been practiſed upon by the government of the United States (unleſs the allowance on the exportation of dried and pickled fiſh and ſalted meat could be conſidered as a bounty) and though it is leſs favoured by public opinion than ſome other modes—Its advantages are theſe—

1. It is a ſpecies of encouragement more poſitive and direct than any other, and for that very reaſon, has a more immediate tendency to ſtimulate and uphold new enterpriſes, increaſing the chances of profit, and diminiſhing the riſks of loſs, in the firſt attempts.

2. It avoids the inconvenience of a temporary augmentation of price, which is incident to ſome other modes, or it produces it to a leſs degree; either by making no addition to the charges on the rival foreign article, as in the caſe of protecting duties, or by making a ſmaller addition. The firſt happens when the fund for the bounty is derived from a different object (which may or may not increaſe the price of ſome other article, according to the nature of that object; the ſecond, when the fund is derived from the ſame or a ſimilar object of foreign manufacture. One per cent. duty on the foreign article converted into a bounty on the domeſtic, will have an equal effect with a duty of two per cent. excluſive of ſuch bounty; and the price of the foreign commodity is liable to be raiſed, in the one caſe, in the proportion of one per cent.; in the other, in that of two per cent. Indeed the bounty when drawn from another ſource is calculated to promote a reduction of price; becauſe without laying any new charge on the foreign article, it ſerves to introduce a competition with it, and to increaſe the total quantity of the article in the market.

3. Bounties have not like high protecting duties, a tendency to produce ſcarcity. An increaſe of price is not always the immediate, though, where the progreſs of a domeſtic manufacture does not counteract a riſe, it is commonly the ultimate effect of an additional duty. In the interval, between the laying of the duty and a proportional

tional increaſe of price, it may diſcourage importation, by interfering with the profits to be expected from the ſale of the article.

4. Bounties are ſometimes not only the beſt, but the only proper expedient, for uniting the encouragement of a new object of agriculture, with that of a new object of manufacture. It is the intereſt of the farmer to have the production of the raw material promoted, by counteracting the interference of the foreign material of the ſame kind —It is the intereſt of the manufacturer to have the material abundant and cheap. If prior to the domeſtic production of the material, in ſufficient quantity, to ſupply the manufacturer on good terms, a duty be laid upon the importation of it from abroad, with a view to promote the raiſing of it at home, the intereſt both of the farmer and manufacturer will be diſſerved —By either deſtroying the requiſite ſupply, or raiſing the price of the article, beyond what can be afforded to be given for it, by the conductor of an infant manufacture, it is abandoned or fails, and there being no domeſtic manufactories to create a demand for the raw material, which is raiſed by the farmer, it is in vain, that the competition of the like foreign article, may have been deſtroyed.

It cannot eſcape notice, that a duty upon the importation of an article can no otherwiſe aid the domeſtic production of it, than by giving the latter greater advantages in the home market. It can have no influence upon the advantageous ſale of the article produced, in foreign markets; no tendency, therefore, to promote its exportation.

The true way to conciliate theſe two intereſts, is to lay a duty on foreign *manufactures* of the material, the growth of which is deſired to be encouraged, and to apply the produce of that duty by way of bounty, either upon the production of the material itſelf, or upon its manufacture at home, or upon both. In this diſpoſition of the thing, the manufacturer commences his enterpriſe, under every advantage, which is attainable, as to quantity or price of the raw material: And the farmer, if the bounty be immediately to him, is enabled by it to enter into a ſucceſsful competition with the foreign material; if the bounty be to the manufacturer on ſo much of the domeſtic material as he conſumes, the operation is nearly the ſame; he has a motive of intereſt to prefer the domeſtic commodity, if of equal quality, even at a higher price than the foreign, ſo long as the difference

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of price is any thing ſhort of the bounty, which is allowed upon the article.

Except the ſimple and ordinary kinds of houſehold manufacture, or thoſe for which there are very commanding local advantages, pecuniary bounties are in moſt caſes indiſpenſable to the introduction of a new branch. A ſtimulus and a ſupport not leſs powerful and direct is, generally ſpeaking, eſſential to the overcoming of the obſtacles which ariſe from the competitions of ſuperior ſkill and maturity elſewhere. Bounties are eſpecially eſſential, in regard to articles, upon which thoſe foreigners who have been accuſtomed to ſupply a country are in the practice of granting them.

The continuance of bounties on manufactures long eſtabliſhed, muſt almoſt always be of queſtionable policy: Becauſe a preſumption would ariſe in every ſuch caſe, that there were natural and inherent impediments to ſucceſs. But in new undertakings, they are as juſtifiable, as they are oftentimes neceſſary.

There is a degree of prejudice againſt bounties from an appearance of giving away the public money, without an immediate conſideration, and from a ſuppoſition, that they ſerve to enrich particular claſſes, at the expence of the community.

But neither of theſe ſources of diſlike will bear a ſerious examination. There is no purpoſe to which public money can be more beneficially applied, than to the acquiſition of a new and uſeful branch of induſtry; no conſideration more valuable than a permanent addition to the general ſtock of productive labour.

As to the ſecond ſource of objection, it equally lies againſt other modes of encouragement which are admitted to be eligible. As often as a duty upon a foreign article makes an addition to its price, it cauſes an extra expence to the community, for the benefit of the domeſtic manufacturer. A bounty does no more. But it is the intereſt of the ſociety in each caſe to ſubmit to a temporary expence, which is more than compenſated, by an increaſe of induſtry and wealth, by an augmentation of reſources and independence; and by the circumſtance of eventual cheapneſs, which has been noticed in another place.

It would deſerve attention, however, in the employment of this ſpecies of encouragement in the United States, as a reaſon for moderating the degree of it in the inſtances

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in which it might be deemed eligible, that the great diſtance of this country from Europe impoſes very heavy charges on all the fabrics which are brought from thence, amounting from 15 to 30 per cent. on their value, according to their bulk.

A queſtion has been made concerning the conſtitutional right of the government of the United States to apply this ſpecies of encouragement, but there is certainly no good foundation for ſuch a queſtion. The National Legiſlature has expreſs authority " To lay and collect taxes, duties, impoſts, and exciſes, to pay the debts and provide for the *common defence* and *general welfare*," with no other qualifications than that " all duties, impoſts, and exciſes, ſhall be *uniform* throughout the United States, that no capitation or other direct tax ſhall be laid unleſs in proportion to numbers aſcertained by a cenſus or enumeration taken on the principles preſcribed in the Conſtitution, and that " no tax or duty ſhall be laid on articles exported from any ſtate."

Theſe three qualifications excepted, the power to *raiſe money* is *plenary* and *indefinite* ; and the objects to which it may be *appropriated* are no leſs comprehenſive, than the payment of the public debts and the providing for the common defence and *general welfare*. The terms " *general welfare*" were doubtleſs intended to ſignify more than was expreſſed or imported in thoſe which preceded ; otherwiſe numerous exigencies incident to the affairs of a nation would have been left without a proviſion.—The phraſe is as comprehenſive as any that could have been uſed ; becauſe it was not fit that the conſtitutional authority of the Union, to appropriate its revenues ſhould have been reſtricted within narrower limits than the " general welfare ;" and becauſe this neceſſarily embraces a vaſt variety of particulars, which are ſuſceptible neither of ſpecification nor of definition.

It is therefore of neceſſity left to the diſcretion of the National Legiſlature, to pronounce, upon the objects, which concern the general welfare, and for which, under that deſcription, an appropriation of money is requiſite and proper.—And there ſeems to be no room for a doubt that whatever concerns the general intereſts of LEARNING, of AGRICULTURE, of MANUFACTURES, and of COMMERCE, are within the ſphere of the National Councils, *as far as regards an application of money.*

The only qualification of the generality of the phraſe in queſtion, which ſeems to be admiſſible, is this—That the object to which an appropriation of money is to be made be *general* and not *local*; its operation extending in fact, or by poſſibility throughout the Union, and not being confined to a particular ſpot.

No objection ought to ariſe to this conſtruction from a ſuppoſition that it would imply a power to do whatever elſe ſhould appear to Congreſs conducive to the general welfare. A power to appropriate money with this latitude, which is granted too in *expreſs terms*, would not carry a power to do any other thing, not authoriſed in the Conſtitution, either expreſsly or by fair implication.

V. *Premiums.*

Theſe are of a nature allied to bounties, though diſtinguiſhable from them in ſome important features.

Bounties are applicable to the whole quantity of an article produced or manufactured, or exported, and involve a correſpondent expence—Premiums ſerve to reward ſome particular excellence or ſuperiority, ſome extraordinary exertion or ſkill, and are diſpenſed only in a ſmall number of caſes: But their effect is to ſtimulate general effort—contrived ſo as to be both honorary and lucrative, they addreſs themſelves to different paſſions; touching the chords as well of emulation as of intereſt.—They are accordingly a very economical mean of exciting the enterpriſe of a whole community.

There are various ſocieties in different countries, whoſe object is the diſpenſation of premiums for the encouragement of *agriculture*, *arts*, *manufactures*, and *commerce*; and though they are for the moſt part voluntary aſſociations, with comparatively ſlender funds, their utility has been immenſe. Much has been done by this mean in Great Britain: Scotland in particular owes materially to it a prodigious amelioration of condition. From a ſimilar eſtabliſhment in the United States, ſupplied and ſupported by the Government of the Union, vaſt benefits might reaſonably be expected.—Some further ideas on this head, ſhall accordingly be ſubmitted, in the concluſion of this report.

VI. *The exemption of the materials of manufactures from duty.*

The policy of that exemption as a general rule, particularly in reference to new eſtabliſhments, is obvious. It can hardly ever be adviſeable to add the obſtructions of fiſcal burdens

burdens to the difficulties which naturally embarraſs a new manufacture; and where it is matured and in condition to become an object of revenue, it is generally ſpeaking better that the fabric, than the material, ſhould be the ſubject of taxation.—Ideas of proportion between the quantum of the tax and the value of the article, can be more eaſily adjuſted in the former than in the latter caſe. An argument for exemptions of this kind in the United States, is to be derived from the practice, as far as their neceſſities have permitted, of thoſe nations whom we are to meet as competitors in our own and in foreign markets.

There are however exceptions to it; of which ſome examples will be given under the next head.

The laws of the Union afford inſtances of the obſervance of the policy here recommended, but it will probably be found adviſeable to extend it to ſome other caſes—Of a nature, bearing ſome affinity to that policy, is the regulation which exempts from duty the tools and implements, as well as the books, clothes and houſehold furniture of foreign artiſts, who come to reſide in the United States; an advantage already ſecured to them by the laws of the Union, and which, it is, in every view, proper to continue.

VII. *Drawbacks of the duties which are impoſed on the materials of manufactures.*

It has already been obſerved as a general rule, that duties on thoſe materials, ought with certain exceptions to be foreborne. Of theſe exceptions, three caſes occur, which may ſerve as examples—One, where the material is itſelf an object of general or extenſive conſumption, and a fit and productive ſource of revenue—Another, where a manufacture of a ſimpler kind, the competition of which with a like domeſtic article is deſired to be reſtrained, partakes of the nature of a raw material, from being capable, by a further proceſs to be converted into a manufacture of a different kind, the introduction or growth of which is deſired to be encouraged—A third, where the material itſelf is a production of the country, and in ſufficient abundance to furniſh a cheap and plentiful ſupply to the national manufacturers.

Under the firſt deſcription comes the article of molaſſes. It is not only a fair object of revenue, but being a ſweet, it is juſt that the conſumers of it ſhould pay a duty as well as the conſumers of ſugar.

Cottons and linen in their white ſtate fall under the ſecond deſcription—A duty upon ſuch as are imported is proper to promote the domeſtic manufacture of ſimilar articles in the ſame ſtate—a drawback of that duty is proper to encourage the printing and ſtaining at home of thoſe which are brought from abroad. When the firſt of theſe manufactures has attained ſufficient maturity in a country, to furniſh a full ſupply for the ſecond, the utility of the drawback ceaſes.

The article of hemp either now does or may be expected ſoon to exemplify the third caſe, in the United States.

Where duties on the materials of manufactures are not laid for the purpoſe of preventing a competition with ſome domeſtic production, the ſame reaſons which recommend, as a general rule, the exemption of thoſe materials from duties, would recommend as a like general rule, the allowance of drawbacks, in favour of the manufacturer: Accordingly, ſuch drawbacks are familiar in countries which ſyſtematically purſue the buſineſs of manufactures; which furniſhes an argument for the obſervance of a ſimilar policy in the United States; and the idea has been adopted by the laws of the Union, in the inſtances of ſalt and molaſſes. It is believed that it will be found advantageous to extend it to ſome other articles.

VIII. *The encouragement of new inventions and diſcoveries, at home, and of the introduction into the United States of ſuch as may have been made in other countries; particularly thoſe which relate to machinery.*

This is among the moſt uſeful and unexceptionable of the aids which can be given to manufactures. The uſual means of that encouragement are pecuniary rewards, and, for a time, excluſive privileges. The firſt muſt be employed, according to the occaſion, and the utility of the invention, or diſcovery. For the laſt, ſo far as reſpects "authors and inventors," proviſion has been made by law. But it is deſireable in regard to improvements and ſecrets of extraordinary value, to be able to extend the ſame benefit to introducers, as well as authors and inventors; a policy which has been practiſed with advantage in other countries. Here, however, as in ſome other caſes, there is cauſe to regret, that the competency of the authority of the National Government to the *good*, which might be done, is not without a queſtion. Many aids might be given to induſtry; many internal

internal improvements of primary magnitude might be promoted, by an authority operating throughout the Union, which cannot be effected, as well, if at all, by an authority confined within the limits of a ſingle ſtate.

But if the Legiſlature of the Union cannot do all the good that might be wiſhed, it is at leaſt deſireable, that all may be done which is practicable. Means for promoting the introduction of foreign improvements, though leſs efficaciouſly than might be accompliſhed with more adequate authority, will form a part of the plan intended to be ſubmitted in the cloſe of this report.

It is cuſtomary with manufacturing nations to prohibit, under ſevere penalties, the exportation of implements and machines, which they have either invented or improved. There are already objects for a ſimilar regulation in the United States; and others may be expected to occur from time to time. The adoption of it ſeems to be dictated by the principle of reciprocity. Greater liberality, in ſuch reſpects might better comport with the general ſpirit of the country; but a ſelfiſh and excluſive policy in other quarters will not alway permit the free indulgence of a ſpirit, which would place us upon an unequal footing. As far as prohibitions tend to prevent foreign competitors from deriving the benefit of the improvements made at home, they tend to increaſe the advantages of thoſe by whom they may have been introduced; and operate as an encouragement to exertion.

IX. *Judicious regulations for the inſpection of manufactured commodities.*

This is not among the leaſt important of the means, by which the proſperity of manufactures may be promoted. It is indeed in many caſes one of the moſt eſſential. Contributing to prevent frauds upon conſumers at home, and exporters to foreign countries—to improve the quality and preſerve the character of the national manufactures, it cannot fail to aid the expeditious and advantageous ſale of them, and to ſerve as a guard againſt ſucceſsful competition from other quarters. The reputation of the flour and lumber of ſome ſtates, and of the potaſh of others, has been eſtabliſhed by an attention to this point. And the like good name might be procured for thoſe articles, whereſoever produced, by a judicious and uniform ſyſtem of inſpection, throughout

throughout the ports of the United States. A like ſyſtem might alſo be extended with advantage to other commodities.

X. *The facilitating of pecuniary remittances from place to place—*

Is a point of conſiderable moment to trade in general, and to manufactures in particular; by rendering more eaſy the purchaſe of raw materials and proviſions, and the payment for manufactured ſupplies. A general circulation of bank paper, which is to be expected from the inſtitution lately eſtabliſhed will be a moſt valuable mean to this end. But much good would alſo accrue from ſome additional proviſions reſpecting inland bills of exchange. If thoſe drawn in one ſtate payable in another were made negotiable, every where, and intereſt and damages allowed in caſe of proteſt, it would greatly promote negotiations between the citizens of different ſtates, by rendering them more ſecure; and, with it the convenience and advantage of the merchants and manufacturers of each.

XI. *The facilitating of the tranſportation of commodities.*

Improvements favouring this object intimately concern all the domeſtic intereſts of a community; but they may without impropriety be mentioned as having an important relation to manufactures. There is perhaps ſcarcely any thing, which has been better calculated to aſſiſt the manufactures of Great-Britain, than the ameliorations of the public roads of that kingdom, and the great progreſs which has been of late made in opening canals. Of the former, the United States ſtand much in need; for the latter they preſent uncommon facilities.

The ſymptoms of attention to the improvement of inland navigation, which have lately appeared in ſome quarters, muſt fill with pleaſure every breaſt warmed with a true zeal for the proſperity of the country. Theſe examples, it is to be hoped, will ſtimulate the exertions of the government and citizens of every ſtate. There can certainly be no object, more worthy of the cares of the local adminiſtrations; and it were to be wiſhed, that there was no doubt of the power of the national government to lend its direct aid, on a comprehenſive plan. This is one of thoſe improvements, which could be proſecuted with more efficacy by the whole, than by any part or parts of the Union. There are caſes in which

which the general intereſt will be in danger to be ſacrificed to the colliſion of ſome ſuppoſed local intereſts. Jealouſies, in matters of this kind, are as apt to exiſt, as they are apt to be erroneous.

The following remarks are ſufficiently judicious and pertinent to deſerve a literal quotation: "Good roads, canals and navigable rivers, by diminiſhing the expence of carriage, put the *remote parts of a country* more nearly upon a level with thoſe in the neighbourhood of the town. They are *upon that account* the greateſt of all improvements. They encourage the cultivation of the remote, which muſt always be the moſt extenſive circle of the country. They are advantageous to the town by breaking down the monopoly of the country in its neighbourhood. They are advantageous *even to that part of the country.* Though they introduce ſome rival commodities into the old market, they open many new markets to its produce. Monopoly beſides is a great enemy to good management, which can never be univerſally eſtabliſhed, but in conſequence of that free and univerſal competition, which forces every body to have recourſe to it for the ſake of ſelf defence. It is not more than fifty years ago that *ſome of the counties in the neighbourhood of London petitioned the Parliament, againſt the extenſion of the turn-pike roads, into the remoter counties. Thoſe remoter counties, they pretended, from the cheapneſs of labour, would be able to ſell their graſs and corn cheaper in the London market, than themſelves, and they would thereby reduce their rents and ruin their cultivation.* Their rents however have riſen, and their cultivation has been improved, ſince that time."

Specimens of a ſpirit, ſimilar to that which governed the counties here ſpoken of preſent themſelves too frequently, to the eye of an impartial obſerver, and render it a wiſh of patriotiſm that the body in this country, in whoſe councils a local or partial ſpirit is leaſt likely to predominate, were at liberty to purſue and promote the general intereſt, in thoſe inſtances, in which there might be danger of the interference of ſuch a ſpirit.

The foregoing are the principal of the means, by which the growth of manufactures is ordinarily promoted. It is, however, not merely neceſſary, that the meaſures of government, which have a direct view to manufactures, ſhould be calculated to aſſiſt and protect them, but that thoſe which only collaterally affect them, in the general courſe of the adminiſtration, ſhould be guarded from any peculiar tendency to injure them.

There

There are certain ſpecies of taxes, which are apt to be oppreſſive to different parts of the community, and among other ill effects have a very unfriendly aſpect towards manufactures. All poll or capitation taxes are of this nature. They either proceed, according to a fixed rate, which operates unequally, and injuriouſly to the induſtrious poor; or they veſt a diſcretion in certain officers, to make eſtimates and aſſeſſments which are neceſſarily vague, conjectural and liable to abuſe. They ought therefore to be abſtained from, in all but caſes of diſtreſſing emergency.

All ſuch taxes (including all taxes on occupations) which proceed according to the amount of capital *ſuppoſed* to be employed in a buſineſs, or of profits *ſuppoſed* to be made in it are unavoidably hurtful to induſtry. It is in vain, that the evil may be endeavoured to be mitigated by leaving it, in the firſt inſtance, in the option of the party to be taxed, to declare the amount of his capital or profits.

Men engaged in any trade or buſineſs have commonly weighty reaſons to avoid diſcloſures, which would expoſe, with any thing like accuracy, the real ſtate of their affairs. They moſt frequently find it better to riſk oppreſſion, than to avail themſelves of ſo inconvenient a refuge. And the conſequence is, that they often ſuffer oppreſſion.

When the diſcloſure too, if made, is not definitive, but controulable by the diſcretion, or in other words, by the paſſions and prejudices of the revenue officers, it is not only an ineffectual protection, but the poſſibility of its being ſo is an additional reaſon for not reſorting to it.

Allowing to the public officers the moſt equitable diſpoſitions; yet where they are to exerciſe a diſcretion, without certain data, they cannot fail to be often miſled by appearances. The quantity of buſineſs, which ſeems to be going on, is, in a vaſt number of caſes, a very deceitful criterion of the profits which are made; yet it is perhaps the beſt they can have, and it is the one, on which they will moſt naturally rely. A buſineſs therefore which may rather require aid, from the government, than be in a capacity to be contributory to it, may find itſelf cruſhed by the miſtaken conjectures of the aſſeſſors of taxes.

Arbitrary taxes, under which denomination are compriſed all thoſe, that leave the *quantum* of the tax, to be raiſed on each perſon, to the *diſcretion* of certain officers, are as contrary to the genius of liberty as to the maxims of induſtry. In this light, they have been viewed by the moſt judicious

judicious obſervers on government; who have beſtowed upon them the ſevereſt epithets of reprobation; as conſtituting one of the worſt features uſually to be met with in the practice of deſpotic governments.

It is certain at leaſt, that ſuch taxes are particularly inimical to the ſucceſs of manufacturing induſtry, and ought carefully to be avoided by a government, which deſires to promote it.

The great copiouſneſs of the ſubject of this report has inſenſibly led to a more lengthy preliminary diſcuſſion, than was originally contemplated, or intended. It appeared proper to inveſtigate principles, to conſider objections, and to endeavour to eſtabliſh the utility of the thing propoſed to be encouraged; previous to a ſpecification of the objects which might occur, as meriting or requiring encouragement, and of the meaſures, which might be proper, in reſpect to each. The firſt purpoſe having been fulfilled, it remains to purſue the ſecond.

In the ſelection of objects, five circumſtances ſeem entitled to particular attention: The capacity of the country to furniſh the raw material—the degree in which the nature of the manufacture admits of a ſubſtitute for manual labour in machinery—the facility of execution—the extenſiveneſs of the uſes, to which the article can be applied—its ſubſerviency to other intereſts, particularly the great one of national defence. There are however objects, to which theſe circumſtances are little applicable, which for ſome ſpecial reaſons, may have a claim to encouragement.

A deſignation of the principal raw material of which each manufacture is compoſed will ſerve to introduce the remarks upon it.—As, in the firſt place

I R O N.

The manufactures of this article are entitled to pre-eminent rank—None are more eſſential in their kinds, nor ſo extenſive in their uſes. They conſtitute in whole or in part the implements or the materials, or both, of almoſt every uſeful occupation. Their inſtrumentality is every where conſpicuous.

It is fortunate for the United States that they have peculiar advantages for deriving the full benefit of this moſt valuable material, and they have every motive to improve it, with ſyſtematic care. It is to be found in various parts of the United States, in great abundance and of almoſt

every quality; and fuel, the chief inſtrument in manufacturing it, is both cheap and plenty.—This particularly applies to charcoal; but there are productive coal mines already in operation, and ſtrong indications, that the material is to be found in abundance, in a variety of other places.

The inquiries to which the ſubject of this report has led have been anſwered with proofs that manufactories of iron, though generally underſtood to be extenſive, are far more ſo than is commonly ſuppoſed. The kinds, in which the greateſt progreſs has been made, have been mentioned in another place, and need not be repeated; but there is little doubt that every other kind, with due cultivation, will rapidly ſucceed. It is worthy of remark that ſeveral of the particular trades, of which it is the baſis, are capable of being carried on without the aid of large capitals.

Iron works have very greatly increaſed in the United States, and are proſecuted with much more advantage than formerly. The average price before the revolution was about ſixty-four dollars per ton, at preſent it is about eighty; a riſe which is chiefly to be attributed to the increaſe of manufactures of the material.

The ſtill further extenſion and multiplication of ſuch manufactures will have the double effect of promoting the extraction of the metal itſelf, and of converting it to a greater number of profitable purpoſes.

Thoſe manufactures too unite in a greater degree, than almoſt any others, the ſeveral requiſites, which have been mentioned, as proper to be conſulted in the ſelection of objects.

The only further encouragement of manufactories of this article, the propriety of which may be conſidered as unqueſtionable ſeems to be an increaſe of the duties on foreign rival commodities.

Steel is a branch which has already made a conſiderable progreſs, and it is aſcertained that ſome new enterpriſes, on a more extenſive ſcale, have been lately ſet on foot. The facility of carrying it to an extent, which will ſupply all internal demands, and furniſh a conſiderable ſurplus for exportation cannot be doubted. The duty upon the importation of this article, which is at preſent ſeventy-five cents per cwt. may, it is conceived, be ſafely and advantageouſly extended to 100 cents. It is deſireable, by deciſive arrangements, to ſecond the efforts, which are making in ſo very valuable a branch.

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The United States already in a great meaſure ſupply themſelves with nails and ſpikes. They are able, and ought certainly to do it entirely. The firſt and moſt laborious operation, in this manufacture, is performed by water-mills; and of the perſons afterwards employed a great proportion are boys, whoſe early habits of induſtry are of importance to the community, to the preſent ſupport of their families, and to their own future comfort. It is not leſs curious than true, that in certain parts of the country, the making of nails is an occaſional family manufacture.

The expediency of an additional duty on theſe articles is indicated by an important fact. About 1,800,000 pounds of them were imported into the United States in the courſe of a year, ending the 30th of September, 1790. A duty of two cents per pound would, it is preſumable, ſpeedily put an end to ſo conſiderable an importation. And it is in every view proper that an end ſhould be put to it.

The manufacture of theſe articles, like that of ſome others, ſuffers from the careleſſneſs and diſhoneſty of a part of thoſe who carry it on. An inſpection in certain caſes might tend to correct the evil. It will deſerve conſideration whether a regulation of this ſort cannot be applied, without inconvenience, to the exportation of the articles either to foreign countries, or from one ſtate to another.

The implements of huſbandry are made in ſeveral ſtates in great abundance. In many places it is done by the common blackſmiths. And there is no doubt that an ample ſupply for the whole country can with great eaſe be procured among ourſelves.

Various kinds of edged tools for the uſe of mechanics are alſo made; and a conſiderable quantity of hollow wares; though the buſineſs of caſtings has not yet attained the perfection which might be wiſhed. It is however improving, and as there are reſpectable capitals in good hands, embarked in the proſecution of thoſe branches of iron manufactories, which are yet in their infancy, they may all be contemplated as objects not difficult to be acquired.

To enſure the end, it ſeems equally ſafe and prudent to extend the duty advalorem upon all manufactures of iron, or of which iron is the article of chief value, to ten per cent.

Fire arms and other military weapons may, it is conceived, be placed without inconvenience in the claſs of articles rated at fifteen per cent. There exiſt already manufactories of

theſe articles, which only require the ſtimulus of a certain demand to render them adequate to the ſupply of the United States.

It would alſo be a material aid to manufactories of this nature, as well as a mean of public ſecurity, if proviſion ſhould be made for an annual purchaſe of military weapons, of home manufacture to a certain determinate extent, in order to the formation of arſenals; and to replace from time to time ſuch as ſhould be withdrawn for uſe, ſo as always to have in ſtore the quantity of each kind, which ſhould be deemed a competent ſupply.

But it may hereafter deſerve legiſlative conſideration, whether manufactories of all the neceſſary weapons of war ought not to be eſtabliſhed, on account of government itſelf. Such eſtabliſhments are agreeable to the uſual practice of nations, and that practice ſeems founded on ſufficient reaſon.

There appears to be an improvidence, in leaving theſe eſſential inſtruments of national defence to the caſual ſpeculations of individual adventure; a reſource which can leſs be relied upon, in this caſe than in moſt others; the articles in queſtion not being objects of ordinary and indiſpenſable private conſumption or uſe. As a general rule, manufactories on the immediate account of government are to be avoided; but this ſeems to be one of the few exceptions, which that rule admits, depending on very ſpecial reaſons.

Manufactures of ſteel, generally, or of which ſteel is the article of chief value, may with advantage be placed in the claſs of goods rated at ſeven and an half per cent. As manufactures of this kind have not yet made any conſiderable progreſs, it is a reaſon for not rating them as high as thoſe of iron; but as this material is the baſis of them, and as their extenſion is not leſs practicable, than important, it is deſirable to promote it by a ſomewhat higher duty than the preſent.

A queſtion ariſes, how far it might be expedient to permit the importation of iron in pigs and bars free from duty. It would certainly be favourable to manufactures of the article; but the doubt is whether it might not interfere with its production.

Two circumſtances, however, abate if they do not remove apprehenſion, on this ſcore; one is, the conſiderable increaſe of price, which has been already remarked,

and

and which renders it probable that the free admiſſion of foreign iron would not be inconſiſtent with an adequate profit to the proprietors of iron works; the other is, the augmentation of demand, which would be likely to attend the increaſe of manufactures of the article, in conſequence of the additional encouragements propoſed to be given. But caution nevertheleſs in a matter of this kind is moſt adviſeable. The meaſure ſuggeſted ought perhaps rather to be contemplated, ſubject to the lights of further experience, than immediately adopted.

COPPER.

The manufactures of which this article is ſuſceptible are alſo of great extent and utility. Under this deſcription, thoſe of braſs, of which it is the principal ingredient, are intended to be included.

The material is a natural production of the country. Mines of copper have actually been wrought, and with profit to the undertakers, though it is not known, that any are now in this condition. And nothing is eaſier, than the introduction of it, from other countries, on moderate terms, and in great plenty.

Copperſmiths and braſs founders, particularly the former, are numerous in the United States; ſome of whom carry on buſineſs to a reſpectable extent.

To multiply and extend manufactories of the materials in queſtion is worthy of attention and effort. In order to this, it is deſirable to facilitate a plentiful ſupply of the materials. And a proper mean to this end is to place them in the claſs of free articles. Copper in plates and braſs are already in this predicament; but copper in pigs and bars is not; neither is *lapis calaminaris*, which together with *copper* and *charcoal*, conſtitute the component ingredients of braſs.

The exemption from duty, by parity of reaſon, ought to embrace all ſuch of theſe articles, as are objects of importation.

An additional duty, on braſs wares, will tend to the general end in view. Theſe now ſtand at five per cent. while thoſe of tin, pewter and copper are rated at ſeven and an half. There appears to be a propriety in every view in placing braſs wares upon the ſame level with them; and it merits conſideration whether the duty upon all of them ought not to be raiſed to ten per cent.

LEAD.

L E A D.

There are numerous proofs, that this material abounds in the United States, and requires little to unfold it to an extent, more than equal to every domeſtic occaſion. A prolific mine of it has long been open in the ſouth-weſtern parts of Virginia, and under a public adminiſtration, during the late war, yielded a conſiderable ſupply for military uſe. This is now in the hands of individuals, who not only carry it on with ſpirit, but have eſtabliſhed manufactories of it, at Richmond, in the ſame ſtate.

The duties, already laid upon the importation of this article, either in its unmanufactured, or manufactured ſtate, enſure it a deciſive advantage in the home market—which amounts to conſiderable encouragement. If the duty on pewter wares ſhould be raiſed, it would afford a further encouragement. Nothing elſe occurs as proper to be added.

F O S S I L C O A L.

This, as an important inſtrument of manufactures, may without impropriety be mentioned among the ſubjects of this report.

A copious ſupply of it would be of great conſequence to the iron branch: As an article of houſehold fuel alſo it is an intereſting production; the utility of which muſt increaſe in proportion to the decreaſe of wood, by the progreſs of ſettlement and cultivation. And its importance to navigation, as an immenſe article of tranſportation coaſtwiſe, is ſignally exemplified in Great-Britain.

It is known, that there are ſeveral coal mines in Virginia, now worked, and appearances of their exiſtence are in a number of places.

The expediency of a bounty on all this ſpecies of coal of home production, and of premiums, on the opening of new mines, under certain qualifications, appears to be worthy of particular examination. The great importance of the article will amply juſtify a reaſonable expence in this way, if it ſhall appear to be neceſſary to, and ſhall be thought likely to anſwer, the end.

W O O D.

Several manufactures of this article flouriſh in the United States. Ships are no where built in greater perfection, and cabinet wares, generally, are made little if

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at all inferior to thoſe of Europe. Their extent is ſuch as to have admitted of conſiderable exportation.

An exemption from duty of the ſeveral kinds of wood ordinarily uſed in theſe manufactures ſeem to be all that is requiſite, by way of encouragement. It is recommended by the conſideration of a ſimilar policy being purſued in other countries, and by the expediency of giving equal advantages to our own workmen in wood. The abundance of timber proper for ſhip building in the United States does not appear to be any objection to it. The increaſing ſcarcity and the growing importance of that article, in the European countries, admoniſh the United States to commence, and ſyſtematically to purſue, meaſures for the preſervation of their ſtock. Whatever may promote the regular eſtabliſhment of magazines of ſhip timber, is in various views deſireable.

SKINS.

There are ſcarcely any manufactories of greater importance, than of this article. Their direct and very happy influence upon agriculture, by promoting the raiſing of cattle of different kinds, is a very material recommendation.

It is pleaſing too, to obſerve the extenſive progreſs they have made in their principal branches; which are ſo far matured as almoſt to defy foreign competition. Tanneries in particular are not only carried on as a regular buſineſs, in numerous inſtances and in various parts of the country; but they conſtitute in ſome places a valuable item of incidental family manufactures.

Repreſentations however have been made, importing the expediency of further encouragement to the leather branch in two ways; one by increaſing the duty on the manufactures of it, which are imported; the other by prohibiting the exportation of bark. In ſupport of the latter it is alledged, that the price of bark, chiefly in conſequence of large exportations, has riſen within a few years from about three dollars to four dollars and a half per cord.

Theſe ſuggeſtions are ſubmitted rather as intimations, which merit conſiderations, than as matters, the propriety of which is manifeſt. It is not clear that an increaſe of duty is neceſſary; and in regard to the prohibition deſired, there is no evidence of any conſiderable exportation hitherto; and it is moſt probable, that whatever augmenta-

tion

tion of price may have taken place, is to be attributed to an extenſion of the home demand from the increaſe of manufactures, and to a decreaſe of the ſupply in conſequence of the progreſs of ſettlement, rather than to the quantities which have been exported.

It is mentioned, however, as an additional reaſon for the prohibition, that one ſpecies of the bark uſually exported is in ſome ſort peculiar to the country, and the material of a very valuable dye, of great uſe in ſome other manufactures, in which the United States have begun a competition.

There may alſo be this argument in favour of an increaſe of duty. The object is of importance enough to claim deciſive encouragement, and the progreſs which has been made, leaves no room to apprehend any inconvenience on the ſcore of ſupply from ſuch an increaſe.

It would be of benefit to this branch, if glue, which is now rated at five per cent. were made the object of an excluding duty. It is already made in large quantities at various tanneries; and, like paper, is an entire economy of materials, which, if not manufactured, would be left to periſh. It may be placed with advantage in the claſs of articles paying fifteen per cent.

GRAIN.

Manufactures of the ſeveral ſpecies of this article have a title to peculiar favour; not only becauſe they are moſt of them immediately connected with the ſubſiſtence of the citizens, but becauſe they enlarge the demand for the moſt precious products of the ſoil.

Though flour may with propriety be noticed as a manufacture of grain, it were uſeleſs to do it, but for the purpoſe of ſubmitting the expediency of a general ſyſtem of inſpection, throughout the ports of the United States; which, if eſtabliſhed upon proper principles, would be likely to improve the quality of our flour every where, and to raiſe its reputation in foreign markets. There are however conſiderations which ſtand in the way of ſuch an arrangement.

Ardent ſpirits and malt liquors are, next to flour, the two principal manufactures of grain. The firſt has made a very extenſive, the laſt a conſiderable progreſs in the United States. In reſpect to both, an excluſive poſſeſſion of the home market ought to be ſecured to the domeſtic manufacturers, as faſt as circumſtances will admit. Nothing is more practicable and nothing more deſirable.

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The exiſting laws of the United States have done much towards attaining this valuable object; but ſome additions to the preſent duties, on foreign diſtilled ſpirits, and foreign malt liquors, and perhaps an abatement of thoſe on home-made ſpirits, would more effectually ſecure it; and there does not occur any very weighty objection to either.

An augmentation of the duties on imported ſpirits would favour, as well the diſtillation of ſpirits from molaſſes, as that from grain. And to ſecure to the nation the benefit of a manufacture, even of foreign materials, is always of great, though perhaps of ſecondary importance.

A ſtrong impreſſion prevails in the minds of thoſe concerned in diſtilleries (including too the moſt candid and enlighted) that greater differences in the rates of duty on foreign and domeſtic ſpirits are neceſſary, completely to ſecure the ſucceſsful manufacture of the latter; and there are facts which entitle this impreſſion to attention.

It is known, that the price of molaſſes for ſome years paſt, has been ſucceſſively riſing in the Weſt-India markets, owing partly to a competition which did not formerly exiſt, and partly to an extenſion of demand in this country; and it is evident, that the late diſturbances in thoſe Iſlands, from which we draw our principal ſupply, muſt ſo far interfere with the production of the article, as to occaſion a material enhancement of price. The deſtruction and devaſtation attendant on the inſurrection in Hiſpaniola, in particular, muſt not only contribute very much to that effect, but may be expected to give it ſome duration. Theſe circumſtances, and the duty of three cents per gallon on molaſſes, may render it difficult for the diſtillers of that material to maintain, with adequate profit, a competition, with the rum brought from the Weſt Indies, the quality of which is ſo conſiderably ſuperior.

The conſumption of Geneva or gin in this country is extenſive. It is not long ſince diſtilleries of it have grown up among us, to any importance. They are now becoming of conſequence, but being ſtill in their infancy, they require protection.

It is repreſented, that the price of ſome of the materials is greater here, than in Holland, from which place large quantities are brought—the price of labour conſiderably greater—the capitals engaged in the buſineſs there much larger, than thoſe which are employed here—the rate of profits, at which the undertakers can afford to carry it on,

much leſs—the prejudices, in favour of imported gin, ſtrong. Theſe circumſtances are alledged to outweigh the charges, which attend the bringing of the article from Europe to the United States, and the preſent difference of duty, ſo as to obſtruct the proſecution of the manufacture, with due advantage.

Experiment could perhaps alone decide with certainty the juſtneſs of the ſuggeſtions, which are made; but in relation to branches of manufacture ſo important, it would ſeem inexpedient to hazard an unfavourable iſſue, and better to err on the ſide of too great, than of too ſmall a difference, in the particular in queſtion.

It is therefore ſubmitted, that an addition of two cents per gallon be made to the duty on imported ſpirits of the firſt claſs of proof, with a proportionable increaſe on thoſe of higher proof; and that a deduction of one cent per gallon be made from the duty on ſpirits diſtilled within the United States, beginning with the firſt claſs of proof, and a proportionable deduction from the duty on thoſe of higher proof.

It is aſcertained, that by far the greateſt part of the malt liquors conſumed in the United States are the produce of domeſtic breweries. It is deſirable, and, in all likehood, attainable, that the whole conſumption ſhould be ſupplied by ourſelves.

The malt liquors, made at home, though inferior to the beſt, are equal to a great part of thoſe, which have been uſually imported. The progreſs already made is an earneſt of what may be accompliſhed. The growing competition is an aſſurance of improvement. This will be accelerated by meaſures, tending to invite a greater capital into this channel of employment.

To render the encouragement of domeſtic breweries deciſive, it may be adviſeable to ſubſtitute to the preſent rates of duty eight cents per gallon generally; and it will deſerve to be conſidered as a guard againſt invaſions, whether there ought not to be a prohibition of their importation, except in caſks of conſiderable capacity. It is to be hoped, that ſuch a duty would baniſh from the market, foreign malt liquors of inferior quality; and that the beſt kind only would continue to be imported till it ſhould be ſupplanted, by the efforts of equal ſkill or care at home.

Till that period, the importation ſo qualified would be an uſeful ſtimulous to improvement: And in the mean time, the

the payment of the increaſed price, for the enjoyment of a luxury, in order to the encouragement of a moſt uſeful branch of domeſtic induſtry, could not reaſonably be deemed a hardſhip.

As a further aid to manufactures of grain, though upon a ſmaller ſcale, the articles of ſtarch, hair powder, and wafers, may with great propriety be placed among thoſe, which are rated at fifteen per cent. No manufactures are more ſimple, nor more completely within the reach of a full ſupply, from domeſtic ſources; and it is a policy, as common as it is obvious, to make them the objects either of prohibitory duties, or of expreſs prohibition.

FLAX AND *HEMP.*

Manufactures of theſe articles have ſo much affinity to each other, and they are ſo often blended, that they may with advantage be conſidered in conjunction. The importance of the linen branch to agriculture—its precious effects upon houſehold induſtry—the eaſe, with which the materials can be produced at home to any requiſite extent—the great advances, which have been already made, in the coarſer fabrics of them, eſpecially in the family way, conſtitute claims, of peculiar force, to the patronage of government.

This patronage may be afforded in various ways; by promoting the growth of the materials; by increaſing the impediments to an advantageous competition of rival foreign articles; by direct bounties or premiums upon the home manufacture.

Firſt. *As to promoting the growth of the materials.*

In reſpect to hemp, ſomething has been already done by the high duty upon foreign hemp. If the facilities for domeſtic production were not unuſually great, the policy of the duty, on the foreign raw material, would be highly queſtionable, as interfering with the growth of manufactures of it. But making the proper allowances for thoſe facilities, and with an eye to the future and natural progreſs, of the country, the meaſure does not appear, upon the whole, exceptionable.

A ſtrong wiſh naturally ſuggeſts itſelf, that ſome method could be deviſed of affording a more direct encouragement to the growth both of flax and hemp; ſuch as would be effectual, and at the ſame time not attended with too great

inconveniencies. To this end, bounties and premiums offer themſelves to *conſideration*; but no modification of them has yet occurred, which would not either hazard too much expence, or operate unequally in reference to the circumſtances of different parts of the Union; and which would not be attended with very great difficulties in the execution.

Secondly. *As to increaſing the impediments to an advantageous competition of rival foreign articles.*

To this purpoſe, an augmentation of the duties on importation is the obvious expedient; which, in regard to certain articles, appears to be recommended by ſufficient reaſons.

The principal of theſe articles is ſail cloth; one intimately connected with navigation and defence; and of which a flouriſhing manufactory is eſtabliſhed at Boſton, and very promiſing ones at ſeveral other places.

It is preſumed to be both ſafe and adviſeable to place this in the claſs of articles rated at 10 per cent. A ſtrong reaſon for it reſults from the conſideration that a bounty of two pence ſterling per ell is allowed, in Great Britain, upon the exportation of the ſail cloth manufactured in that kingdom.

It would likewiſe appear to be good policy to raiſe the duty to $7\frac{1}{2}$ per cent. on the following articles. Drillings, oſnaburghs, ticklenburghs, dowlas, canvas, brown rolls, bagging, and upon all other linens the firſt coſt of which at the place of exportation does not exceed 35 cents per yard. A bounty of $12\frac{1}{2}$ per cent. upon an average, on the exportation of ſuch or ſimilar linens from Great-Britain, encourages the manufacture of them in that country, and increaſes the obſtacles to a ſucceſsful competition, in the countries to which they are ſent.

The quantities of tow and other houſehold linens manufactured in different parts of the United States, and the expectations, which are derived from ſome late experiments, of being able to extend the uſe of labour-ſaving machines, in the coarſer fabrics of linen, obviate the danger of inconvenience, from an increaſe of the duty upon ſuch articles, and authoriſe a hope of ſpeedy and complete ſucceſs to the endeavours, which may be uſed for procuring an internal ſupply.

Thirdly.

Thirdly. *As to direct bounties, or premiums upon the manufactured articles.*

To afford more effectual encouragement to the manufacture, and at the ſame time to promote the cheapneſs of the article for the benefit of navigation, it will be of great uſe to allow a bounty of two cents per yard on all ſail cloth which is made in the United States, from materials of their own growth. This would alſo aſſiſt the culture of thoſe materials. An encouragement of this kind, if, adopted, ought to be eſtabliſhed for a moderate term of years, to invite to new undertakings, and to an extenſion of the old. This is an article of importance enough to warrant the employment of extraordinary means in its favour.

COTTON.

There is ſomething in the texture of this material, which adapts it in a peculiar degree to the application of machines. The ſignal utility of the mill for ſpinning of cotton, not long ſince invented in England, has been noticed in another place; but there are other machines ſcarcely inferior in utility, which, in the different manufactories of this article are employed either excluſively, or with more than ordinary effect. This very important circumſtance recommends the fabrics of cotton, in a more particular manner, to a country in which a defect of hands conſtitutes the greateſt obſtacle to ſucceſs.

The variety and extent of the uſes to which the manufactures of this article are applicable, is another powerful argument in their favour.

And the faculty of the United States to produce the raw material in abundance, and of a quality, which though alledged to be inferior to ſome that is produced in other quarters, is nevertheleſs capable of being uſed with advantage, in many fabrics, and is probably ſuſceptible of being carried, by a more experienced culture, to much greater perfection, ſuggeſts an additional and a very cogent inducement to the vigorous purſuit of the cotton branch, in its ſeveral ſubdiviſions.

How much has been already done has been ſtated in a preceding part of this report.

In addition to this, it may be announced, that a ſociety is forming with a capital which is expected to be extended to at leaſt half a million of dollars; on behalf of which

which meaſures are already in train for proſecuting on a large ſcale, the making and printing of cotton goods.

Theſe circumſtances conſpire to indicate the expediency of removing any obſtructions which may happen to exiſt, to the advantageous proſecution of the manufactories in queſtion, and of adding ſuch encouragements as may appear neceſſary and proper.

The preſent duty of three cents per lb. on the foreign raw material, is undoubtedly a very ſerious impediment to the progreſs of thoſe manufactories.

The injurious tendency of ſimilar duties, either prior to the eſtabliſhment, or in the infancy of the domeſtic manufacture of the article, as it regards the manufacture, and their worſe than inutility, in relation to the home production of the material itſelf, have been anticipated, particularly in diſcuſſing the ſubject of pecuniary bounties.

Cotton has not the ſame pretenſions, with hemp, to form an exception to the general rule.

Not being, like hemp, an univerſal production of the country, it affords leſs aſſurance of an adequate internal ſupply; but the chief objection ariſes from the doubts, which are entertained concerning the quality of the national cotton. It is alledged, that the fibre of it is conſiderably ſhorter and weaker, than that of ſome other places; and it has been obſerved as a general rule, that the nearer the place of growth to the equator, the better the quality of the cotton. That which comes from Cayenne, Surrinam and Demarara is ſaid to be preferable, even at a material difference of price, to the cotton of the Iſlands.

While a hope may reaſonably be indulged, that with due care and attention the national cotton may be made to approach nearer than it now does to that of regions, ſomewhat more favoured by climate, and while facts authoriſe an opinion, that very great uſe may be made of it, and that it is a reſource which gives greater ſecurity to the cotton fabrics of this country, than can be enjoyed by any which depends wholly on external ſupply, it will certainly be wiſe, in every view, to let our infant manufactures have the full benefit of the beſt materials on the cheapeſt terms. It is obvious that the neceſſity of having ſuch materials is proportioned to the unſkilfulneſs and inexperience of the workmen employed, who, if inexpert, will not fail to commit great waſte, where the materials they are to work with are of an indifferent kind.

To ſecure to the national manufacturers ſo eſſential an advantage, a repeal of the preſent duty on imported cotton is indiſpenſable.

A ſubſtitute for this, far more encouraging to domeſtic production, will be to grant a bounty on the national cotton, when wrought at a home manufactory; to which a bounty on the exportation of it may be added. Either or both would do much more towards promoting the growth of the article, than the merely nominal encouragement, which it is propoſed to aboliſh. The firſt would alſo have a direct influence in encouraging the manufacture.

The bounty, which has been mentioned as exiſting in Great Britain, upon the exportation of coarſe linens not exceeding a certain value, applies alſo to certain deſcriptions of cotton goods of ſimilar value.

This furniſhes an additional argument for allowing to the national manufacturers the ſpecies of encouragement juſt ſuggeſted, and indeed for adding ſome other aid.

One cent per yard, not leſs than of a given width, on all goods of cotton, or of cotton and linen mixed, which are manufactured in the United States, with the addition of one cent per lb. weight of the material, if made of national cotton, would amount to an aid of conſiderable importance, both to the production and to the manufacture of that valuable article. And it is conceived, that the expence would be well juſtified by the magnitude of the object.

The printing and ſtaining of cotton goods is known to be a diſtinct buſineſs from the fabrication of them. It is one eaſily accompliſhed, and which, as it adds materially to the value of the article in its white ſtate, and prepares it for a variety of new uſes, is of importance to be promoted.

As imported cottons, equally with thoſe which are made at home, may be the objects of this manufacture, it will merit conſideration, whether the whole, or a part of the duty, on the white goods, ought not to be allowed to be drawn back in favour of thoſe, who print or ſtain them. This meaſure would certainly operate as a powerful encouragement to the buſineſs; and though it may in a degree counteract the original fabrication of the articles, it would probably more than compenſate for this diſadvantage, in the rapid growth of a collateral branch, which is of a nature ſooner to attain to maturity. When a ſufficient progreſs

greſs ſhall have been made, the drawback may be abrogated, and by that time the domeſtic ſupply of the articles to be printed or ſtained will have been extended.

If the duty of ſeven and an half per cent. on certain kinds of cotton goods were extended to all goods of cotton, or of which it is the principal material, it would probably more than counterbalance the effect of the drawback propoſed, in relation to the fabrication of the article. And no material objection occurs to ſuch an extenſion. The duty then, conſidering all the circumſtances which attend goods of this deſcription could not be deemed inconveniently high; and it may be inferred from various cauſes that the prices of them would ſtill continue moderate.

Manufactories of cotton goods, not long ſince eſtabliſhed at Beverly, in Maſſachuſetts, and at Providence, in the ſtate of Rhode-Iſland, and conducted with a perſeverance correſponding with the patriotic motives which began them, ſeem to have overcome the firſt obſtacles to ſucceſs; producing corduroys, velverets, fuſtians, jeans, and other ſimilar articles of a quality, which will bear a compariſon with the like articles brought from Mancheſter. The one at Providence has the merit of being the firſt in introducing into the United States, the celebrated cotton mill; which not only furniſhes materials for that manufactory itſelf, but for the ſupply of private families for houſehold manufacture.

Other manufactories of the ſame material, as regular buſineſſes, have alſo been begun at different places in the ſtate of Connecticut, but all upon a ſmaller ſcale, than thoſe above-mentioned. Some eſſays are alſo making in the printing and ſtaining of cotton goods. There are ſeveral ſmall eſtabliſhments of this kind already on foot.

W O O L.

In a country, the climate of which partakes of ſo conſiderable a proportion of winter, as that of a great part of the United States, the woollen branch cannot be regarded, as inferior to any, which relates to the clothing of the inhabitants.

Houſehold manufactures of this material are carried on, in different parts of the United States, to a very intereſting extent; but there is only one branch, which as a regular buſineſs, can be ſaid to have acquired maturity. This is the making of hats.

Hats

Hats of wool, and of wool mixed with fur, are made in large quantities, in different ſtates; and nothing ſeems wanting, but an adequate ſupply of materials, to render the manufacture commenſurate with the demand.

A promiſing eſſay, towards the fabrication of cloths, caſſimires and other woollen goods, is likewiſe going on at *Hartford*, in Connecticut. Specimens of the different kinds which are made, in the poſſeſſion of the Secretary, evince that theſe fabrics have attained a very conſiderable degree of perfection. Their quality certainly ſurpaſſes any thing, that could have been looked for, in ſo ſhort a time, and under ſo great diſadvantages; and conſpires with the ſcantineſs of the means, which have been at the command of the directors, to form the eulogium of that public ſpirit, perſeverance, and judgment, which have been able to accompliſh ſo much.

To cheriſh and bring to maturity this precious embryo muſt engage the moſt ardent wiſhes, and proportionable regret, as far as the means of doing it may appear difficult or uncertain.

Meaſures, which ſhould tend to promote an abundant ſupply of wool, of good quality, would probably afford the moſt efficacious aid, that preſent circumſtances permit.

To encourage the raiſing and improving the breed of ſheep, at home, would certainly be the moſt deſirable expedient, for that purpoſe, but it may not be alone ſufficient, eſpecially as it is yet a problem, whether our wool be capable of ſuch a degree of improvement, as to render it fit for the finer fabrics.

Premiums would probably be found the beſt means of promoting the domeſtic, and bounties the foreign ſupply: The firſt may be within the compaſs of the inſtitution hereafter to be ſubmitted. The laſt would require a ſpecific legiſlative proviſion. If any bounties are granted they ought of courſe to be adjuſted with an eye to quality as well as quantity.

A fund for this purpoſe may be derived from the addition of $2\frac{1}{2}$ per cent. to the preſent rate of duty, on carpets and carpeting; an increaſe, to which the nature of the articles ſuggeſts no objection, and which may at the ſame time furniſh a motive the more to the fabrication of them at home; towards which ſome beginnings have been made.

SILK.

The production of this article is attended with great facility in moſt parts of the United States. Some pleaſing eſſays are making in Connecticut, as well towards that, as towards the manufacture of what is produced. Stockings, handkerchiefs, ribbons, and buttons, are made, though as yet but in ſmall quantities.

A manufactory of lace, upon a ſcale not very extenſive, has been long memorable at Ipſwich in the ſtate of Maſſachuſetts.

An exemption of the material from the duty, which it now pays on importation, and premiums upon the production, to be diſpenſed under the direction of the inſtitution before alluded to, ſeem to be the only ſpecies of encouragement adviſeable at ſo early a ſtage of the thing.

GLASS.

The materials for making glaſs are found every where. In the United States there is no deficiency of them. The ſands and ſtones called Tarſo, which include flinty and chryſtalline ſubſtances generally, and the ſalts of various plants, particularly of the ſea-weed, kali or kelp, conſtitute the eſſential ingredients. An extraordinary abundance of fuel is a particular advantage enjoyed by this country for ſuch manufactures. They, however, require large capitals and involve much manual labour.

Different manufactories of glaſs are now on foot in the United States. The preſent duty of $12\frac{1}{2}$ per cent. on all imported articles of glaſs amount to a conſiderable encouragement to thoſe manufactories. If any thing in addition is judged eligible, the moſt proper would appear to be a direct bounty, on window glaſs and black bottles.

The firſt recommends itſelf as an object of general convenience; the laſt adds to that character, the circumſtance of being an important item in breweries. A complaint is made of great deficiency in this reſpect.

GUN POWDER.

No ſmall progreſs has been of late made in the manufacture of this very important article: It may indeed be conſidered as already eſtabliſhed; but its high importance renders its further extenſion very deſirable.

The encouragements, which it already enjoys, are a duty of ten per cent. on the foreign rival article, and an exemp-

tion

tion of ſalt-petre, one of the principal ingredients of which it is compoſed, from duty. A like exemption of ſulphur, another chief ingredient, would appear to be equally proper. No quantity of this article has yet been produced, from internal ſources. The uſe made of it in finiſhing the bottoms of ſhips, is an additional inducement to placing it in the claſs of free goods. Regulations for the careful inſpection of the article would have a favourable tendency.

PAPER.

Manufactories of paper are among thoſe which are arrived at the greateſt maturity in the United States, and are moſt adequate to national ſupply. That of paper hangings is a branch, in which reſpectable progreſs has been made.

Nothing material ſeems wanting to the further ſucceſs of this valuable branch, which is already protected by a competent duty on ſimilar imported articles.

In the enumeration of the ſeveral kinds, made ſubject to that duty, ſheathing and cartridge paper have been omitted. Theſe, being the moſt ſimple manufactures of the ſort, and neceſſary to military ſupply, as well as ſhipbuilding, recommend themſelves equally with thoſe of other deſcriptions, to encouragement, and appear to be as fully within the compaſs of domeſtic exertions.

PRINTED BOOKS.

The great number of preſſes diſſeminated throughout the Union, ſeem to afford an aſſurance, that there is no need of being indebted to foreign countries for the printing of the books which are uſed in the United States. A duty of ten per cent. inſtead of five, which is now charged upon the article, would have a tendency to aid the buſineſs internally.

It occurs, as an objection to this, that it may have an unfavourable aſpect towards literature, by raiſing the prices of books in univeral uſe, in private families, ſchools, and other ſeminaries of learning. But the difference, it is conceived, would be without effect.

As to books which uſually fill the libraries of the wealthier claſſes and of profeſſional men, ſuch an augmentation of prices, as might be occaſioned by an additional duty of five per cent. would be too little felt to be an impediment to the acquiſition.

And with regard to books which may be ſpecially imported for the uſe of particular ſeminaries of learning, and of public libraries, a total exemption from duty would be adviſeable, which would go far towards obviating the objection juſt mentioned. They are now ſubject to a duty of five per cent.

As to the books in moſt general family uſe, the conſtancy and univerſality of the demand would enſure exertions to furniſh them at home, and the means are completely adequate. It may alſo be expected ultimately, in this as in other caſes, that the extenſion of the domeſtic manufacture would conduce to the cheapneſs of the article.

It ought not to paſs unremarked, that to encourage the printing of books is to encourage the manufacture of paper.

REFINED SUGARS AND *CHOCOLATE*

Are among the number of extenſive and proſperous domeſtic manufactures.

Drawbacks of the duties upon the materials, of which they are reſpectively made, in caſes of exportation, would have a beneficial influence upon the manufacture, and would conform to a precedent, which has been already furniſhed, in the inſtance of molaſſes, on the exportation of diſtilled ſpirits.

Cocoa, the raw material now pays a duty of one cent per lb. while chocolate, which is a prevailing and very ſimple manufacture, is compriſed in the maſs of articles rated at no more than five per cent.

There would appear to be a propriety in encouraging the manufacture, by a ſomewhat higher duty, on its foreign rival, than is paid on the raw material. Two cents per lb. on imported chocolate would, it is preſumed, be without inconvenience.

THE foregoing heads compriſe the moſt important of the ſeveral kinds of manufactures, which have occurred as requiring, and, at the ſame time, as moſt proper for public encouragement; and ſuch meaſures for affording it, as have appeared beſt calculated to anſwer the end, have been ſuggeſted.

The obſervations, which have accompanied this delineation of objects, ſuperſede the neceſſity of many ſupplementary

tary remarks. One or two however may not be altogether ſuperfluous.

Bounties are in various inſtances propoſed as one ſpecies of encouragement.

It is a familiar objection to them, that they are difficult to be managed and liable to frauds.—But neither that difficulty nor this danger ſeems ſufficiently great to countervail the advantages of which they are productive, when rightly applied. And it is preſumed to have been ſhewn, that they are in ſome caſes, particularly in the infancy of new enterpriſes, indiſpenſable.

It will however be neceſſary to guard with extraordinary circumſpection, the manner of diſpenſing them. The requiſite precautions have been thought of; but to enter into the detail would ſwell this report, already voluminous, to a ſize too inconvenient.

If the principle ſhall not be deemed inadmiſſible, the means of avoiding an abuſe of it will not be likely to preſent inſurmountable obſtacles. There are uſeful guides from practice in other quarters.

It ſhall therefore only be remarked here, in relation to this point, that any bounty, which may be applied to the *manufacture* of an article, cannot with ſafety extend beyond thoſe manufactories, at which the making of the article is a *regular trade*. It would be impoſſible to annex adequate precautions to a benefit of that nature, if extended to every private family, in which the manufacture was incidentally carried on, and its being a merely incidental occupation which engages a portion of time that would otherwiſe be loſt, it can be advantageouſly carried on, without ſo ſpecial an aid.

The poſſibility of a diminution of the revenue may alſo preſent itſelf, as an objection to the arrangements, which have been ſubmitted.

But there is no truth which may be more firmly relied upon, than that the intereſts of the revenue are promoted, by whatever promotes an increaſe of national induſtry and wealth.

In proportion to the degree of theſe, is the capacity of every country to contribute to the public treaſury; and where the capacity to pay is increaſed, or even is not decreaſed, the only conſequence of meaſures, which diminiſh any particular reſource, is a change of the object. If by encouraging the manufacture of an article at home, the

the revenue, which has been wont to accrue from its importation, ſhould be leſſened, an indemniſication can eaſily be found, either out of the manufacture itſelf, or from ſome other object, which may be deemed more convenient.

The meaſures however which have been ſubmitted taken, aggregately, will for a long time to come, rather augment than decreaſe the public revenue.

There is little room to hope, that the progreſs of manufactures will ſo equally keep pace with the progreſs of population, as to prevent, even a gradual augmentation of the product of the duties on imported articles.

As, nevertheleſs, an abolition in ſome inſtances, and a reduction in others of duties, which have been pledged for the public debt, is propoſed, it is eſſential, that it ſhould be accompanied with a competent ſubſtitute. In order to this, it is requiſite, that all the additional duties which ſhall be laid, be appropriated in the firſt inſtance, to replace all defalcations, which may proceed from any ſuch abolition or diminution. It is evident, at firſt glance, that they will not only be adequate to this, but will yield a conſiderable ſurplus. This ſurplus will ſerve,

Firſt. To conſtitute a fund for paying the bounties which ſhall have been decreed.

Secondly. To conſtitute a fund for the operations of a board, to be eſtabliſhed, for promoting arts, agriculture, manufactures and commerce. Of this inſtitution, different intimations have been given, in the courſe of this report. An outline of a plan for it ſhall now be ſubmitted.

Let a certain annual ſum, be ſet apart, and placed under the management of commiſſioners, not leſs than three, to conſiſt of certain officers of the government and their ſucceſſors in office.

Let theſe commiſſioners be empowered to apply the fund conſided to them, to defray the expences of the emigration of artiſts, and manufacturers in particular branches of extraordinary importance—to induce the proſecution and introduction of uſeful diſcoveries, inventions and improvements, by proportionate rewards, judiciouſly held out and applied—to encourage by premiums, both honourable and lucrative, the exertions of individuals, and of claſſes, in relation to the ſeveral objects, they are charged with promoting—and to afford ſuch other aids to thoſe objects, as may be generally deſignated by law.

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The Commiſſioners to render to the legiſlature an annual account of their tranſactions and diſburſements; and all ſuch ſums as ſhall not have been applied to the purpoſes of their truſt, at the end of every three years, to revert to the treaſury. It may alſo be enjoined upon them, not to draw out the money, but for the purpoſe of ſome ſpecific diſburſement.

It may moreover be of uſe, to authorize them to receive voluntary contributions; making it their duty to apply them to the particular objects for which they may have been made, if any ſhall have been deſignated by the donors.

There is reaſon to believe, that the progreſs of particular manufactures has been much retarded by the want of ſkilful workmen. And it often happens that the capitals employed are not equal to the purpoſes of bringing from abroad workmen of a ſuperior kind. Here, in caſes, worthy of it, the auxiliary agency of government would in all probability be uſeful. There are alſo valuable workmen, in every branch, who are prevented from emigrating ſolely by the want of means. Occaſional aids to ſuch perſons, properly adminiſtered, might be a ſource of valuable acquiſitions to the country.

The propriety of ſtimulating by rewards, the invention and introduction of uſeful improvements, is admitted without difficulty. But the ſucceſs of attempts in this way muſt evidently depend much on the manner of conducting them. It is probable, that the placing of the diſpenſation of thoſe rewards under ſome proper diſcretionary direction, where they may be accompanied by *collateral expedients*, will ſerve to give them the ſureſt efficacy. It ſeems impracticable to apportion, by general rules, ſpecific compenſations for diſcoveries of unknown and diſproportionate utility.

The great uſe which may be made of a fund of this nature to procure and import foreign improvements is particularly obvious. Among theſe, the article of machines would form a moſt important item.

The operation and utility of premiums have been adverted to; together with the advantages which have reſulted from their diſpenſation, under the direction of certain public and private ſocieties. Of this, ſome experience has been had in the inſtance of the Pennſylvania Society, for the promotion of manufactures and uſeful arts; but the funds of that aſſociation have been too contracted to produce more

more than a very ſmall portion of the good to which the principles of it would have led. It may confidently be affirmed that there is ſcarcely any thing, which has been deviſed, better calculated to excite a general ſpirit of improvement than the inſtitutions of this nature. They are truly invaluable.

In countries where there is great private wealth much may be effected by the voluntary contributions of patriotic individuals; but in a community ſituated like that of the United States, the public purſe muſt ſupply the deficiency of private reſource. In what can it be ſo uſeful as in prompting and improving the efforts of induſtry?

All which is humbly ſubmitted.

ALEXANDER HAMILTON,

Secretary of the Treaſury.

NOTE FROM THE EDITOR.

Since the publication of the foregoing Report, a National Manufacturing Society has been eſtabliſhed in America, under an Incorporated Company.—The capital ſtock conſiſting of 500,000 Dollars, (£112,500 Britiſh) to be divided into 5000 ſhares of 100 Dollars each ſhare, to which not only the ſeparate States, but any individual may be a ſubſcriber; and a very large portion of the capital is already ſubſcribed.——The more to forward and accelerate the plan, the State of New Jerſey has made a free gift of a ſmall territory of Land, well ſituated for the purpoſe, and in a healthy and populous part of the State (viz. at the Falls of Paſſaib River near Newark) for building a ſmall town, and erecting the public works, which is to be rent free and clear of taxes for a few years.

For the plan and laws of this corporate manufacturing Society, ſee the Federal Almanack for 1792.

F I N I S.